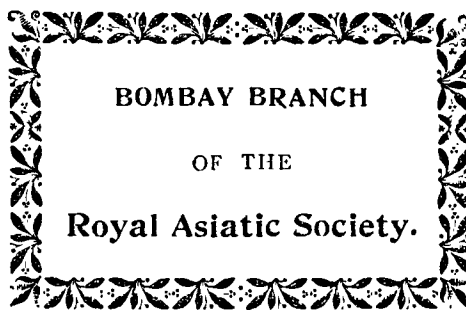


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EAST INDIA : ACCOUNTS AND ESTIMATES, 1906-1907.

EXPLANATORY MEMORANDUM

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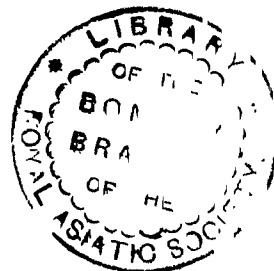
SECRETARY OF STATE FOR INDIA.

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Presented to both Houses of Parliament by Command of His Majesty.



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EAST INDIA: ACCOUNTS AND ESTIMATES, 1906-1907.

Memorandum by the Secretary of State for India, relating to the
Accounts of the Government of India for 1904-1905, and
the Estimates for 1905-1906 and 1906-1907.

FORM OF ACCOUNTS AND ESTIMATES.

In the "Financial Statement" of the Government of India, which is annually presented to Parliament (*see* H. of C. 162 of 1906), the Accounts and Estimates are prepared so as to shew the transactions in India in rupees; the rupee figures are then converted into pounds at the rate of £1 to 15 rupees; the sterling transactions in England are next stated; and the last two sets of figures are added together, so as to shew in pounds the combined transactions in India and in England. The comparatively small addition or deduction that has to be made on account of the facts that the remittances from India to England are not effected at exactly 16 pence to the rupee, and that the Government is under obligations to carry out certain transactions with railway companies at specified rates differing from the rate of 16 pence to the rupee, is shewn in a single line, under the head of Exchange.

GROSS REVENUE AND EXPENDITURE.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows :—

Gross Revenue and Expenditure.						Accounts, 1904-1905.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
						£	£	£
Revenue	...	...	...	...	...	84,812,971	84,829,500	86,495,100
Expenditure	...	...	...	...	...	81,356,905	83,073,800	85,621,000
Surplus	...	...	...	...	...	3,456,066	1,755,700	874,100

NET REVENUE AND EXPENDITURE.

The figures of Gross Revenue just given include the total receipts derived from the commercial undertakings of the Government of India (State Railways, Irrigation Works, Post Office, and Telegraphs), and from the sale of opium: while the figures of Gross Expenditure include the working expenses and interest charges of the commercial undertakings and the cost of cultivation of opium. The inclusion of these figures causes the revenue available for administrative purposes, and the expenditure on such purposes, to appear much greater than they really are; and it has accordingly been the practice for some years to present to Parliament an annual statement of Net Income and Expenditure (*see* H. of C. 116 of 1906), in which only the net revenue derived from commercial undertakings and opium is shewn, and similar adjustments are made under other heads of revenue and expenditure by deducting (1) refunds and assignments from the gross yield of land revenue, taxation, &c., and (2) the receipts of certain spending departments from the gross expenditure incurred by them. In the following table the Net Revenue and Expenditure for 1904-5, 1905-6, 1906-7, are calculated in the same manner as in the annual Parliamentary return last mentioned.

Table of Net Revenue and Expenditure.

NET REVENUE. *

Net Revenue.	Accounts, 1904-1905.		Budget, 1905-1906.		Revised Estimate, 1905-1906.		Budget, 1906-1907.	
	£	£	£	£	£	£	£	£
I. Land Revenue, &c. :								
1. Land Revenue	18,226,402		18,732,100		18,287,600		19,027,700	
2. Forest	1,599,162		1,600,100		1,788,200		1,787,000	
3. Tributes from Native States.	421,303		412,600		389,200		412,100	
		20,246,867		20,744,800		20,465,000		21,226,800
II. Opium		4,050,999		3,636,800		3,590,600		2,956,300
III. Taxation :								
1. Salt	5,093,466		3,998,700		4,071,900		4,136,800	
2. Stamps	3,697,102		3,765,400		3,820,800		3,928,300	
3. Excise	5,306,198		5,396,700		5,602,100		5,766,100	
4. Provincial Rates...	2,820,358		2,774,700		2,769,800		2,257,400	
5. Customs	4,267,032		4,266,400		4,234,900		4,370,200	
6. Assessed Taxes	1,263,098		1,273,400		1,300,400		1,335,700	
7. Registration	337,921		341,900		353,100		358,800	
		22,785,175		21,817,200		22,153,000		22,148,300
IV. Commercial Undertakings :								
1. Post Office	56,167		64,800		100,500		126,200	
2. Telegraph	— 4,345		— 125,300		— 154,500		— 216,600	
3. Railway Revenue Account	2,105,438		1,564,200		2,025,500		2,229,300	
4. Irrigation	284,683		161,900		43,900		257,100	
		2,441,943		1,665,600		2,015,400		2,395,700
V Mint		88,533		— 17,800		184,600		62,600
VI. Exchange		94,065		54,700		91,700		40,000
Total Net Revenue ...		49,707,582		47,901,300		48,500,300		48,829,700

NET EXPENDITURE.

Net Expenditure.	Accounts, 1904-1905.		Budget, 1905-1906.		Revised Estimate, 1905-1906.		Budget, 1906-1907.	
	£	£	£	£	£	£	£	£
I. Debt Services (excluding interest payments chargeable to Railways and Irrigation).		797,366		559,500		472,700		425,800
II. Military Services :								
1. Army	19,214,763		19,354,700		18,362,400		18,782,200	
2. Military and Special Defence Works.	1,064,432		1,357,200		1,223,100		1,353,600	
		20,279,195		20,711,900		19,585,500		20,135,800
III. Collection of Revenue ...		5,199,542		5,509,700		5,454,000		5,782,900
IV. Civil Services :								
1. Civil Departments ...	10,852,430		11,871,500		11,608,800		12,749,400	
2. Miscellaneous Civil Charges	3,668,729		3,623,100		3,656,300		3,712,800	
3. Civil Works, including Construction of Railways charged to Local or Provincial Revenues.	4,291,454		5,092,100		4,886,900		5,226,500	
		18,812,613		20,586,700		20,152,000		21,688,700
V. Famine Relief and Insurance		1,000,000		1,000,000		1,000,000		1,000,000
VI. Provincial adjustments :								
1. Charge against Revenue of the Year arising from increase of Provincial Balances.		162,800		—		80,400		—
2. Diminution of charge against Revenue of the Year owing to Expenditure being met from Provincial Balances.		—		— 1,370,300		—		— 1,077,600
Total Net Expenditure charged against Revenue. }		46,251,516		46,997,500		46,744,600		47,935,600
Surplus		3,456,066		903,800		1,755,700		847,100

Accounts, 1904-5.

It will be seen from the table that the surplus shown in the final accounts for 1904-5 is £3,456,066 ; this is less by £29,434 than the surplus shown in the Revised Estimate published in March 1905.

Revised Estimate, 1905-6.

The Revised Estimate for 1905-6 shews, as compared with the Budget for that year, an increase of £599,000 in net revenue, a decrease of £252,900 in net expenditure, and accordingly an increase in the surplus of £851,900.

The improvement of £599,000 in the net Revenue is due to the following increases and decreases under the several heads :—*Increases* : Railways £461,300, Excise £205,400, Mint £202,400, Forest £188,100, other heads £239,500. *Decreases* : Land Revenue £444,500, Irrigation £118,000, other heads £135,200.

The net decrease of £252,900 in the net Expenditure is the result of considerable decreases and increases under various heads. The decreases occurred under Army £992,300 (mainly owing to the postponement to 1906-07 of certain payments for Artillery and other stores), Education £249,400, Civil Works £205,200, Police £197,800, Military Works and Special Defence Works £134,100, other heads £349,800. There were minor increases of £272,300 under Political and of £152,700 under other heads. But the most important increase was that under Provincial Adjustments. In the Budget for 1905-06 it was assumed that of the total expenditure of the year £1,370,300 would be contributed from Provincial balances. A considerable portion, however, of the increase in revenue and saving in expenditure during the year was credited to the Provincial Governments, and in addition initial grants of £400,000 were made by the Government of India in connection with the new Provincial settlements with the Central Provinces and Eastern Bengal and Assam. The balances of the Provincial Governments were in consequence increased by £80,400, instead of being drawn upon for £1,370,300, so that under the head "Provincial balances" there is a net increase of £1,450,700 in the expenditure charged against the revenue of the year.

Budget, 1906-7.

In preparing the Budget for 1906-1907 the Government of India have, with the sanction of the Secretary of State in Council, made provision for the following special measures :—

1. *Remission of certain land cesses.*—These cesses amounted to £547,900 a year, and the proceeds were applied mainly towards the maintenance of village establishments and land records. Their remission is supplemental to the abolition in March, 1905, at an estimated cost of £151,000 a year, of Famine Cesses in the United Provinces, the Punjab, and the Central Provinces.
2. *Grants to Provincial Governments for Expenditure on Police.*—In accordance with the recommendations of a Commission appointed in India to report on the organisation of the Police, it was decided in 1905 to introduce certain changes in the pay, numbers, and grading of the force with a view to increasing its efficiency. In all Provinces in India with which Provincial settlements have been made, the Police charges are borne by the Provincial Governments ; and, in order to enable them to defray the cost of the proposed improvements, the Government of India provided in the Budget for 1905-06 grants amounting to £333,000, and announced that the amount would be increased in future years so as to enable further reforms to be carried out. In the Budget for 1906-7 the grants are increased to £500,000.
3. *Relief of District and Local Boards from Contributions towards District Post and other services.*—The cost of this measure is £38,800 a year.

4. *Grants to Provincial Governments for Expenditure on Technical and European Education.*—A permanent grant of £33,300 has been made for these purposes. Approximately one-half will be applied to technical education, and the remainder to the education of Europeans and Eurasians.
5. *Grants for Agricultural Development.*—In March 1905 permanent grants of £133,000 a year were made to the Provincial Governments for expenditure on the establishment of experimental and demonstration farms and agricultural colleges. A further sum of £26,700 a year has now been appropriated for this purpose. A portion of the money will be reserved for expenditure by the Imperial Government, the remainder being added to the grants made to the Local Governments last year.

After provision has been made for the measures mentioned above the estimated net revenue and expenditure for 1906-1907 are as follows :—

						£
Net Revenue	...	...	...	...	...	48,829,700
Net Expenditure	...	...	...	...	...	47,955,600
Surplus	...	...	...	...	...	874,100

As compared with the Revised Estimate for the previous year these figures shew an increase of £329,400 in net revenue, and of £1,211,000 in net expenditure, and accordingly a diminution of £881,600 in the surplus.

The chief items which make up the increase of £329,400 in the Net Revenue are as follows :—

Increases are anticipated in—	£	£
Land Revenue (chiefly in the United Provinces, Burma, Bombay, and the Punjab) ...	740,100	
Irrigation (mainly owing to improved prospects in the United Provinces and the Punjab)	213,200	
Railways (an increase of £1,496,400 being anticipated in the gross receipts, and of £1,292,600 in the working expenses and other charges)	203,800	
Excise	164,000	
Customs	135,300	
Stamps, Salt, Assessed Taxes, Post Office, Tributes, and Registration	257,000	
Total increases in revenue	1,713,400	
Decreases are anticipated in—		
Opium (in view of recent decline in prices)...	634,300	
Provincial Rates (owing to the remissions of cesses mentioned above)	512,400	
Mint (the rupee coinage, on which a seigniorage of 2 per cent. is credited to Mint, having been exceptionally heavy in 1905-1906)	122,000	
Telegraph, Exchange, and Forest	115,300	
Total decreases in revenue	1,384,000	
Net increase of Revenue	329,400	

The chief items which make up the increase of £1,211,000 in the net Expenditure are as follows :—

Increases are anticipated in—					£
Army (mainly for Stores)	...	...	...	...	419,800
Police (owing to special grants of £333,000 not having been fully spent in 1905–1906, and to additional grant of £166,700 mentioned above)	...	...	...	...	418,700
Civil Works (partly for increased Expenditure in Eastern Bengal and Assam, consequent on the creation of the new Province)	...	...	...	...	339,600
Collection of Revenue (chiefly in Land Revenue charges)	...	...	...	...	328,900
Education	...	...	...	...	309,200
Scientific and Minor Departments	...	...	...	...	150,700
Military Works and Special Defence Works	...	...	...	...	130,500
Other heads	...	...	...	...	380,200
Total increases in Expenditure	...	...	...	...	2,477,600
Decreases are anticipated in—					
Provincial Adjustments (owing to payments by Provincial Governments from their balances towards the expenditure of the year)	...	...	...	...	1,158,000
Other heads	...	...	...	...	108,600
Total decreases of Expenditure	...	...	...	...	1,266,600
Net increase of Expenditure	...	...	...	...	1,211,000

Debt.

In 1904–1905 a loan of 3 crores of rupees (£2,000,000) bearing interest at $3\frac{1}{2}$ per cent. was issued in India at an average price of 97·6 per cent., and a temporary loan of £333,300 was discharged. In England £2,500,000 India 3 per cent. Stock was issued in order to provide for the discharge of £1,002,100 debentures of the Great Indian Peninsula Railway Company, and for advances by the Secretary of State in Council to Railway Companies. The average price obtained was £95 18s. 6d. per cent. Of the £2,000,000 sterling bills outstanding on 1st April, 1904, £1,500,000 were discharged without replacement. Bills in replacement of the remaining £500,000 were issued in June, 1904, at an average rate of £2 11s. per cent.

In 1905–1906 a loan of 4 crores of rupees (£2,666,700) was issued in India at an average price of 98·8 per cent. In England £2,000,000 3 per cent Stock was offered for tender at a minimum price of 97. The average price obtained was £97 18s. 1d. Of the proceeds of this loan £250,000 was used for the discharge of debentures of the Great Indian Peninsula Railway, £500,000 for the purchase of the Bengal Central Railway (on the 30th June, 1905), and the remainder for advances to railway companies and capital expenditure on State railways. As part of the purchase price of the Bombay, Baroda, and Central India Railway, which was acquired by the Secretary of State as from the 31st December, 1905, £10,089,146 India 3 per cent. Stock was created and issued to the Company. The £500,000 sterling bills which were outstanding on the 1st April, 1905, were discharged without replacement.

In the Budget of the current year (1906-1907) it was proposed to issue in India a loan of $4\frac{1}{2}$ crores of rupees (£3,000,000); and in England a loan of £2,000,000. The loan in England was issued on 23rd May, 1906, tenders being invited for £2,000,000 3 per cent. India Stock at a minimum of £94 10s. The average rate obtained was £94 16s. 5d. Of the proceeds of this loan £749,900 will be used for the discharge of debentures of the Bombay, Baroda, and Central India Railway Company, and the remainder for advances to railway companies and capital expenditure on State railways.

Railways.

On the 31st of March, 1906, the length of Railways in India open for traffic was 28,684 miles, of which 956 were opened in 1905-1906. The mileage under construction or sanctioned for construction was 2,767 miles, of which 622 were sanctioned in 1905-1906.

The capital expenditure on Railways shewn in the Accounts for 1904-1905 and Estimates for 1905-1906 and 1906-1907 is as follows :—

	Accounts, 1904-1905.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
Expenditure not charged to Revenue :—	£	£	£
State railways (from money provided by State).	4,933,400	7,152,700	6,147,900
State railways (from money raised through Companies).	963,600	1,488,000	1,850,000
Old guaranteed Companies	141,700	—794,000	386,000
Other guaranteed or assisted Companies	1,206,300	548,600	1,693,400
Branch lines on firm guarantee	4,300	300	2,000
Local Boards	—	26,700	86,700
Expenditure charged to Revenue	122,100	64,300	11,600
Total outlay by Government or with Government assistance.	7,371,400	8,486,600	10,177,600
Branch lines not on firm guarantee ...	5,800	70,300	34,100
Railways outside Government accounts ...	461,500	537,900	359,700
Total	7,838,700	9,094,800	10,571,400

The net traffic receipts in 1904-1905 of open lines in which the Government is directly interested were 5·46 per cent. on the capital cost. Details relating to the several lines will be found on page 29 below.

The Railway Revenue Account shewed in 1904-1905 a net receipt of £2,105,400, and in 1905-1906 of £2,025,500. In the Budget for 1906-1907 it is assumed that there will be a moderate increase in the total traffic, and the net receipt is taken at £2,229,300. These results are arrived at after charging in the Account not only all interest charges but also the following payments in redemption of capital which are included in the annuities issued for the purchase of railways, viz. :—

	£
In 1904-1905	652,500
In 1905-1906	674,864
In 1906-1907	697,974

The Bombay, Baroda and Central India Railway was purchased on the 31st December, 1905, the purchase price, as calculated in accordance with the provisions of the contracts between the Government and the Company, being £11,685,580. Particulars regarding the mode of purchase will be found on page 18.

The Bengal Central Railway was also purchased in 1905-1906 (for £500,000 in cash), and an arrangement was made by which the South Behar Railway was leased to the State,

Irrigation Works.

The outlay on the construction of Major Irrigation Works incurred during the last two years and estimated to be incurred in the present year is as follows :— 1904–1905, £508,800 ; 1905–1906 (Revised Estimate), £793,900 ; 1906–1907 (Budget), £1,240,700. The allotment for 1906–1907 includes grants of £176,700 for the Upper Chenab Canal, £133,300 for the Upper Jhelum Canal, and £378,500 for various protective projects. Of the gross expenditure on minor works, amounting to £896,000 in 1904–1905, £969,400 in 1905–1906 (Revised Estimate), and £1,012,600 in 1906–1907 (Budget), a considerable portion is devoted to the construction of new works ; this expenditure is charged against the revenue of the year in which it is incurred.

The following table shews the total capital expenditure on Major Irrigation Works, and the net receipts :—

	Capital Expenditure to End of the Year, excluding indirect charges.	Net Receipts during the Year (being gross receipts, less working expenses and interest charges.)
	£	£
1904–1905	25,799,400	997,076
1905–1906 (Revised Estimate) ...	26,593,300	843,700
1906–1907 (Budget)	27,833,900	1,092,600

Liabilities and Assets.

On the 31st of March, 1906, the debt of India amounted to £230,514,921 (viz. :—rupee debt, converted into sterling at 1s. 4d. the rupee, £84,057,482, and sterling debt, £146,457,439). There were also other obligations of the Government of India, including Savings Bank balances, Judicial and Departmental deposits, balances of Service Funds, &c., amounting to £17,995,339.

Up to the same date the Government of India had devoted £94,935,378 to the construction of Railways, and £26,593,277 to the construction of Irrigation Works. It had purchased from companies (in some cases by cash payments, in others by annuities,* and in one case by the direct issue of India stock to the company) eight railways, on which, at the time of purchase, £97,256,700 had been spent. It had lent £12,128,736 (net) to Native States, Corporations, Agriculturists, &c., and had advanced £7,580,343 (net) to Railway Companies. Other assets were the Gold Reserve Fund, on account of which £12,165,032 had been invested, the cash balances in India, £11,733,300, and the cash balances in England, £8,436,541.

Exchange and Remittance.

The sale by the Secretary of State in Council of bills and telegraphic transfers on India during the last three years has been as follows :—

	£	
1903–1904 ...	23,859,303	at an average rate of 1s. 4·0491d. per rupee.
1904–1905 ...	24,425,558	„ „ 1s. 4·045d. „
1905–1906 ...	31,580,453	„ „ 1s. 4·0427d. „

In December, 1905, the Secretary of State announced his willingness, subject to certain conditions, to grant telegraphic transfers on India at the rate of 16d.

* The annuities now outstanding are East Indian Railway Annuity, £1,145,288 (of which £294,750 is deferred under the existing contract for working the line), running to 14th February, 1953 ; Eastern Bengal Railway Annuity, £116,851, running to 31st July, 1957 ; Scinde Punjab and Delhi Railway Annuity, £371,361, running to 31st December, 1958 ; and Great Indian Peninsula Railway Annuity, £1,268,516, to 17th August, 1948.

the rupee against shipments of sovereigns from Australia consigned to him in London, and the amount shewn above as representing the total sale of bills and transfers in 1905-06 includes £3,640,000 on this account.

Gold Reserve Fund.

In accordance with a recommendation made by the Indian Currency Committee, it was decided that, with effect from the 1st April, 1900, the net profit from the coinage of rupees should not be treated as revenue, but should be held as a special reserve. This profit amounted to £3,031,294 in 1900-1901, £415,100 in 1901-1902, £264,028 in 1902-1903, £2,627,575 in 1903-1904, £1,790,380 in 1904-1905, and £3,488,700 in 1905-1906. Practically the whole amount has been remitted to England and applied to the purchase of British Government securities. Including the dividends, which have been invested as they accrued, the amount invested on account of the Gold Reserve Fund up to 31st March, 1906, was £12,165,032, and the securities purchased were as follows :—£7,641,210 $2\frac{1}{2}$ per cent. Consolidated Stock, £1,252,366 National War Loan $2\frac{3}{4}$ per cent. Stock, £500,000 Local Loans 3 per cent. Stock, £1,494,324 Transvaal Government 3 per cent. Guaranteed Stock, £538,720 Guaranteed $2\frac{3}{4}$ per cent. Stock, and £1,500,000 Treasury Bills.

Home Charges.

The net Expenditure in England chargeable to Revenue was £18,827,654 in 1904-1905, £18,071,800 in the Revised Estimate for 1905-1906, and £18,731,300 in the Budget for 1906-1907. The last-named amount is thus divided :—

						£
Interest and Management of Debt, and payment of Interest and Annuities on account of Railways						9,717,800
Payments in connection with Civil Departments in India ...						315,800
India Office, including Auditor's and Store Departments ...						194,100
Army Effective Charges						786,400
Stores of all kinds charged against revenue						2,708,500
Furlough Allowances						682,000
Non-Effective Charges						4,326,700
Total						18,731,300

Besides this, the outlay on stores, &c., for the construction of State Railways and Irrigation Works was £1,502,352 in 1904-1905, and is estimated at £2,108,100 in 1905-1906, and £3,290,900 in 1906-1907.

Seaborne Trade.

The following figures show the Exports from, and Imports into, India during the last three years :—

					1903-1904.	1904-1905.	1905-1906.
					£	£	£
Exports of Merchandise	...	...	...	...	102,344,773	105,138,868	107,903,597
Imports	„	...	...	...	61,728,182	69,608,497	74,713,988
Net Exports of Merchandise	...	..	..	..	40,616,591	35,530,371	33,189,609
Net Imports of Gold	...	...	...	...	6,621,107	6,470,590	305,327
Net Imports of Silver	...	...	...	...	9,033,711	8,915,649	10,482,299
Net Imports of Treasure	...	...	...	...	15,654,818	15,386,239	10,787,626
Balance : Net Exports	...	...	...	...	24,961,773	20,144,132	22,401,983

The transactions in treasure on account of the Government were as follows :—
 1903–1904, net export of gold £4,264,559, net import of silver £4,056,783 ;
 1904–1905, net export of gold £5,605,000, net import of silver £4,290,596 ;
 1905–1906, net export of gold £5,996,000, net import of silver £7,135,650.

Burden of Taxation.

	Accounts 1904–1905.	Revised Estimate, 1905–1906.	Budget, 1906–1907.
	£	£	£
Salt *	5,093,466	4,071,900	4,136,800
Stamps	3,697,102	3,820,800	3,928,300
Excise	5,306,198	5,602,100	5,766,100
Provincial Rates	2,820,358	2,769,800	2,257,400
Customs	4,267,032	4,234,900	4,370,200
Assessed Taxes	1,263,098	1,300,400	1,335,700
Registration	337,921	353,100	353,800
Total	22,785,175	22,153,000	22,148,300
According to the census taken in March, 1901, the population of British India was 231,085,000. On this basis, and allowing for an increase of population at the rate of one-half per cent. per annum, the payment per head, on the assumption that the whole of the taxation, including that on Salt, Excise, and Customs, is paid by the inhabitants of British India, is ...	s. d. 1 11½	s. d. 1 10½	s. d. 1 10½
If the payment of Land Revenue be added, the average becomes... ..	3 6	3 5½	3 5¾

JOHN MORLEY.

India Office,
 6th June, 1906.

Appendix
I.Notes on
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penditure.

APPENDIX I.

Notes on the main heads of Net Revenue and Expenditure.

NET REVENUE.

Land Revenue.

	£
Accounts, 1904-1905	18,226,402
Budget, 1905-1906	18,732,100
Revised Estimate, 1905-1906	18,287,600
Budget, 1906-1907	19,027,700

In 1904-1905 the collections were affected by a partial failure of the rains in Madras and Bombay and failure of the kharif crop in Bundelkhand, in consequence of which it was found necessary to grant remissions and suspensions of land revenue amounting to more than £600,000.

The Budget Estimate for 1905-1906 anticipated a considerable improvement over the results of 1904-1905, but agricultural conditions have been unfavorable in parts of Bombay, the Punjab, and the United Provinces, and large amounts of land revenue have been remitted and suspended.

The Government of India anticipate that the receipts will be considerably better in 1906-1907. In the United Provinces an increase of £244,000 is expected, after allowing for remissions and suspensions amounting to £209,000. In Bombay also, in spite of the adverse conditions prevailing in the Deccan districts, an improvement of £146,000 is anticipated, after allowing £333,000 for remissions and suspensions. Considerable improvements are also expected in Burma, where much new land is being brought under settlement, and also in Madras and the Punjab. These estimates are based on the assumption that the rainfall will be normal.

Forest.

	£
Accounts, 1904-1905	1,599,162
Budget, 1905-1906	1,600,100
Revised Estimate, 1905-1906	1,788,200
Budget, 1906-1907	1,787,000

More than one-third of the total revenue under this head is obtained in Burma. The gross receipts in this province nearly doubled in the ten years from 1895-1896 to 1905-1906 ; in the former year they were £380,000, in the latter £733,000.

Tributes.

	Accounts, 1904-1905.	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
Receipts	£ 633,844	£ 620,400	£ 593,900	£ 609,100
Assignments and Compensations, and Refunds and Drawbacks.	212,541	207,800	204,700	197,000
Net Revenue	421,303	412,600	389,200	412,100

The most important of the receipts under this head is the tribute of £233,000 from Mysore ; the most important of the “assignments and compensations” is the payment of £167,000 to the Nizam of Hyderabad under the arrangement for the administration of Berar.

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Opium.

	Accounts, 1904-1905.	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
	£	£	£	£
Receipts	6,021,499	5,477,700	5,490,500	4,831,100
Charges	1,970,500	1,840,900	1,899,900	1,874,800
Net Receipts	4,050,999	3,636,800	3,590,600	2,956,300

The Opium revenue is collected in different ways in different parts of India. In certain districts of Bengal and the United Provinces the poppy is cultivated under a system of advances by the Government, who manufacture the drug for sale by auction at Calcutta. About five-sixths of the total revenue is obtained from these sales. The bulk of the remainder is derived from a pass duty levied on each chest of opium despatched from the group of Native states known as Malwa. The opium expenditure consists chiefly of payments to the cultivators in Bengal.

In 1904-05 the prices realised at the Calcutta sales were exceptionally high.

In 1905-06 the prices obtained for Bengal opium fell considerably, especially towards the end of the year, and the exports of Malwa opium were the lowest on record.

In framing the Budget for the present year the Government of India have, in view of the recent fall in prices at Calcutta, allowed for a large reduction in the receipts from Bengal opium. An increase is anticipated in the exports of Malwa opium.

Statistics are appended :—

	Bengal.		Bombay.		Chests of Bengal Opium produced.	Payments to Cultivators, including purchase of Opium.
	Chests sold.	Average price.	Chests of Malwa Opium passed for Export.	Rate of Duty per Chest.		
Accounts, 1903-1904 ...	48,000	Rs. 1,462	26,141	Rs. 500	64,738	£ 2,051,365
Accounts, 1904-1905 ...	48,000	1,587	18,821	500 and 600	50,000	1,795,022
Budget Estimate, 1905-1906.	48,000	1,400	20,000	600	—	1,655,400
Revised Estimate, 1905-1906.	49,200	1,434	14,750	600	55,501	1,720,700
Budget, Estimate, 1906-1907.	52,800	1,125	16,500	600	—	1,690,700

Salt.

	£
Accounts, 1902-1903...	5,931,933
Accounts, 1903-1904...	4,981,704
Accounts, 1904-1905...	5,093,466
Revised Estimate, 1905-1906	4,071,900
Budget, 1906-1907 ...	4,136,800

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In March, 1903, the Salt Duty was reduced in the greater part of India (excluding Burma) from $2\frac{1}{2}$ to 2 rupees a maund. In March, 1905, a further reduction to $1\frac{1}{2}$ rupees a maund was made. Reports which have been submitted by the Local Governments to the Government of India shew that the consumers of salt have, as was hoped, benefited by the reduction of the duty.

The consumption of salt in India (excluding Burma), was :—

In 1901–1902	...	...	...	34,393,800 maunds.
In 1902–1903	...	...	...	35,201,200 „
In 1903–1904	...	...	...	36,394,300 „
In 1904–1905	...	...	...	37,979,600 „
In 1905–1906	...	...	...	39,312,000 „

Stamps.

	£
Accounts, 1904–1905	3,697,102
Budget, 1905–1906	3,765,400
Revised Estimate, 1905–1906	3,820,800
Budget, 1906–1907	3,928,300

About two-thirds of the revenue is derived from court fee stamps and about one-third from commercial and other stamps. The revenue has continued to develop in every province except the Punjab, where there has been a falling-off owing partly to the reduction of mortgages and transfers of land caused by the Land Alienation Act and partly to the Loans Limitation Act.

Excise.

	£
Accounts, 1904–1905	5,306,198
Budget, 1905–1906	5,396,700
Revised Estimate, 1905–1906	5,602,100
Budget, 1906–1907	5,766,100

The Excise Revenue has been steadily expanding since 1897–1898, when the net receipts were only £3,609,400. The improvement in 1905–06 was shared by all provinces except the United Provinces, where the revenue was seriously affected by the unfavourable agricultural conditions: it was greatest in the Central Provinces and Berar (£98,800), Bengal (£95,000), and Burma (£74,500).

Provincial Rates.

	£
Accounts, 1904–1905	2,820,358
Budget, 1905–1906	2,774,700
Revised Estimate, 1905–1906	2,769,800
Budget, 1906–1907	2,257,400

Famine cesses in Northern India amounting to £151,000 a year were abolished partly in April, 1905, and partly in April, 1906. Village service cesses amounting to £547,900 were abolished in April, 1906: and the reduction shewn in the Budget is due to this cause.

Customs.

	£
Accounts, 1904–1905	4,267,032
Budget, 1905–1906	4,266,400
Revised Estimate, 1905–1906	4,234,900
Budget, 1906–1907	4,370,200

The gross receipts during the past three years, and the budget figures for the current year, are as follows :—

	Accounts, 1903-1904.	Accounts, 1904-1905.	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.	Notes on the main heads of Net Revenue and Ex- penditure.
	£	£	£	£	£	
Cotton Manufactures	658,900	811,300	778,500	886,700	900,000	
Excise duty on Cotton Goods ...	138,500	158,800	166,700	183,700	200,000	
Rice (export duty)	802,100	879,000	800,000	793,300	800,000	
Liquors	543,700	554,700	561,300	627,000	647,300	
Silver Bullion and Coin ...	268,500	274,100	293,300	186,700	200,000	
Other Metals and Manufactures of Metals.	227,900	230,900	256,700	206,700	220,000	
Other Manufactured Articles ...	472,100	544,000	576,700	548,300	566,700	
Petroleum	293,300	305,900	316,700	243,300	243,300	
Other Articles	561,300	603,100	614,100	649,200	686,900	
Total	3,966,300	4,361,800	4,364,000	4,324,900	4,464,200	

The most noteworthy variations from the Budget estimates shown in the Revised Estimates for 1905-06 are :—(1) the great and continued growth of the imports of cotton manufactures and of the receipts from the excise duty on cotton goods manufactured in India : (2) a decline in the imports on private account of silver bullion consequent on a rise in its price : (3) a great decrease in the imports of Russian kerosene oil owing to the disturbances at Baku, its place being taken by Burma oil, which pays no duty : and (4) a falling-off in the imports of enamelled and other ironware and tin, partly counterbalanced by increased imports of steel-ware, machinery, and mill works. The duty on imported spirits was increased from Rs. 6 to Rs. 7 per proof gallon with effect from the 26th February, 1906, by an Act passed on the 26th January.

Assessed Taxes.

	£
Accounts, 1904-1905	1,263,098
Budget, 1905-1906	1,273,400
Revised Estimate, 1905-1906	1,300,400
Budget, 1906-1907	1,335,700

The receipts shewn under this head are almost entirely derived from Income Tax. The tax is levied on non-agricultural incomes of Rs. 1,000 a year or more at the rate (approximately) of 2 per cent. on incomes from Rs. 1,000 to Rs. 2,000, and 2½ per cent. on incomes of Rs. 2,000 or more.

Registration.

	£
Accounts, 1904-1905	337,921
Budget, 1905-1906	341,900
Revised Estimate, 1905-1906	353,100
Budget, 1906-1907	353,800

The receipts are principally derived from fees for registering documents.

Appendix
I.*Post Office.*Notes on
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penditure.

	Accounts, 1904-1905.	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
	£	£	£	£
Receipts	1,575,980	1,608,300	1,658,700	1,727,100
Charges	1,519,813	1,543,500	1,558,200	1,600,900
Net revenue	56,167	64,800	100,500	126,200

In April, 1905, the letter-weight carried for a half-penny was raised from one-half to three-quarters of a tola (about one-third of an ounce), at an estimated cost of £46,700. This loss has been more than counterbalanced by the increase of revenue resulting from the normal growth of the department.

Telegraph.

	Accounts, 1904-1905.	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
	£	£	£	£
Receipts	897,923	909,100	913,700	938,100
Charges	902,268	1,034,400	1,068,200	1,155,000
Net charge	4,345	125,300	154,500	216,900

The Revised Estimate of Receipts in 1905-1906 shews an increase of £39,600 in the revenue of the Indian Telegraph Department as compared with the previous year, but a decrease of £23,800 in that of the Indo-European Telegraph Department due to a reduction made in August, 1905, of the tariff between Europe and India from 2s. 6d. to 2s. a word. The charges include the following amounts for capital outlay, mainly on account of the Indian Telegraph Department:—1904-1905, £268,751; 1905-1906 (Revised Estimate), £393,300; 1906-1907 (Budget), £427,900.

Railways.

	Accounts, 1904-1905.	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
	£	£	£	£
State Railways :—				
Gross Receipts	22,900,337	22,906,900	23,701,200	25,681,900
Charges :—				
Working Expenses ...	11,295,437	11,236,900	11,630,300	12,784,000
Interest on Capital spent or advanced by the State.	5,061,871	5,335,300	5,323,400	5,943,900
Interest on Capital deposited by Com- panies.	1,265,989	1,342,300	1,316,000	1,469,100
Annuities in purchase of railways.	3,009,333	3,013,200	3,013,800	3,018,200
Total	20,632,630	20,927,700	21,283,500	23,215,200
Net Receipts	2,267,707	1,979,200	2,417,700	2,466,700
Guaranteed Railways :—				
Net charge to the State...	111,095	326,300	341,700	169,700
Miscellaneous charges(net)	51,174	88,700	50,500	67,700
Net Receipts from all Rail- ways.	2,105,438	1,564,200	2,025,500	2,229,300

General.—Before 1899–1900 the Railway Revenue Account always shewed a net charge. The figures from that year onwards are as follows :—

				£	Appendix I. Notes on the main heads of Net Revenue and Ex- penditure.
			Net receipt		
1899–1900	...	...		76,756	
1900–1901	...	...	"	325,124	
1901–1902	...	...	"	846,616	
1902–1903	...	...	"	228,949	
1903–1904	...	...	"	860,669	
1904–1905	...	...	"	2,105,438	
1905–1906	...	...	"	2,025,500	
(Revised Estimate.)					
1906–1907	...	...	"	2,229,300	
(Budget Estimate.)					

State Railways.—The profit derived by the State from the railways arises from the State lines, under which head are included not only the lines worked by the State (of which the most important are the North-Western, Eastern Bengal, and Oudh and Rohilkhand systems), but also lines which, while classified as State railways, are worked by companies, and have in most cases been constructed by companies. Among the most important of the lines included in the latter class are the East Indian, Great Indian Peninsula, Bengal-Nagpur, Bombay, Baroda and Central India (purchased by the Secretary of State on the 31st December, 1905), Indian Midland, Rajputana-Malwa, Assam-Bengal, Southern Mahratta, South Indian, and Burma Railways. For some years the gross receipts of the State lines have been growing rapidly. Excluding, for the purpose of comparison, the receipts of the Great Indian Peninsula Railway, which was not acquired by the State till 1900–1901, and also the receipts of the Bombay, Baroda and Central India Railway, which was purchased in 1905–1906, the receipts for 10 years are as follows :— 1897–1898, £12,696,340 ; 1898–1899, £13,075,980 ; 1899–1900, £14,653,223 ; 1900–1901, £15,170,314 ; 1901–1902, £16,432,994 ; 1902–1903, £16,231,912 ; 1903–1904, £17,519,799 ; 1904–1905, £19,567,323 ; 1905–1906 (Revised Estimate), £19,834,500 ; 1906–1907 (Budget), £20,748,600.

Including the receipts of the Great Indian Peninsula Railway and of the Bombay, Baroda and Central India Railway, the figures since the 1st April, 1901, are :—

1901–1902.	1902–1903.	1903–1904.	1904–1905.	Revised Estimate, 1905–1906.	Budget, 1906–1907.
£	£	£	£	£	£
20,310,577	20,205,077	21,697,048	24,134,113	24,609,533	25,681,900

In comparing the figures for 1904–1905, 1905–1906, and 1906–1907, contained in the Table on page 16, it must be remembered that they are affected by the following changes in the classification of the receipts and charges of particular lines, viz. :—(1) The receipts and charges of the Bengal and North Western Railway were included in the Government accounts among the figures relating to State railways up to the end of 1904–1905 ; but from that date they are excluded in order to indicate more clearly the effect of the new contract between the Company and the Secretary of State. The amount in respect of this line included in the receipts of State railways for 1904–1905 is approximately £437,000 : corresponding charges are included in respect of the line among the working expenses of State railways for the same year. (2) The receipts and charges of the Bombay, Baroda and Central India Railway are included from 1st January, 1906, among those of State railways in consequence of the purchase of the line by the State under the arrangements mentioned

Appendix I. below ; the gross receipts so included are in 1905–1906, £316,700 and in 1906–1907, £1,333,000, and the charges for working expenses and interest are in 1905–1906, £146,100, and in 1906–1907, £1,081,500.

Notes on the main heads of Net Revenue and Expenditure.

But for these changes in classification the net receipts of State Railways in 1905–1906, which in the Table shew an increase of £150,000 over those for 1904–1905, would have shewn a decrease of about £20,000. The result of the year's working is more favourable than was anticipated. The net receipts in 1904–1905 were so large that a falling off of nearly £300,000 was allowed for in the Budget for 1905–1906. But, while there was a reduction in the receipts of the North Western Railway, chiefly owing to the smaller traffic in grain and seeds, there were remarkable increases on the Bengal-Nagpur, Great Indian Peninsula, Madras (North Eastern Section), Rajputana-Malwa and Southern Mahratta Railways, owing to the expansion of the traffic in coal, cotton, and grain.

In the Budget for 1906–1907 a slight increase of the net receipts over those for 1905–1906 is anticipated. Apart from the increase due to the inclusion of the figures for the Bombay, Baroda and Central India Railway for the whole year, an improvement of £964,100 is expected in the gross receipts in consequence of expansion of traffic and recovery of the ground temporarily lost by the North-Western Railway ; but a large provision is made in the estimate of working expenses for renewals of permanent way and rolling stock on the North-Western Railway.

The annuities shewn among the charges of State railways were created for the purchase by the State of the East Indian, Eastern Bengal, Scinde-Punjab and Delhi, and Great Indian Peninsula railways. The annual payments include the following amounts in redemption of capital, viz. :—1904–1905, £652,500 ; 1905–1906, £674,864 ; 1906–1907, £697,974.

Guaranteed Railways.—The transactions included under the heading “Guaranteed Railways” are, with slight exceptions, those of the Madras Railway Company and (to the 31st December, 1905) the Bombay, Baroda and Central India Railway Company. In the case of the Madras Railway Company the net traffic receipts paid to the Government fall short of the guaranteed interest and “surplus profits” paid by the Government to the Company by the following amounts, viz. :—1904–1905, £173,795 ; 1905–1906 (Revised Estimate), £170,700 ; 1906–1907 (Budget), £169,700. In the case of the Bombay, Baroda and Central India Railway Company the net traffic receipts in 1904–1905 exceeded by £48,092 the charges borne by the Government, but there was a deficiency of £171,000 during the first 9 months of 1905–1906. From the 1st January, 1906, as stated above, the transactions of the line are included in those of State Railways.

Purchase of the Bombay, Baroda and Central India Railway.—The Bombay, Baroda, and Central India Railway was purchased on the 31st December, 1905. The purchase price, as calculated in accordance with the provisions of the contracts between the Government and the Company was £11,685,580, of which £9,685,580 was paid by the issue of £10,089,146 India 3 per cent. stock direct to the Company for distribution among the stockholders, £100 stock being taken as the equivalent of £96 cash. The remaining £2,000,000 of the purchase price has not yet been paid. Negotiations are proceeding with a view to an arrangement by which the Company shall undertake to work the line on behalf of the State for 25 years and shall create, and allot as fully paid up to the stockholders, £2,000,000 new capital stock on which the Company will be entitled to interest at 3 per cent. guaranteed by the Secretary of State, and to a share of the surplus profits after certain charges have been met. Should these negotiations prove unsuccessful the Company will be at liberty to demand payment in cash of the remaining £2,000,000 of the purchase price. Meanwhile the line is being worked by the Company on behalf of the Secretary of State in Council under a temporary agreement.

The Bengal Central Railway was purchased for cash in 1905–1906, and an arrangement was made by which the South Behar Railway was leased to the State.

*Irrigation.*Appendix
I.

	Accounts, 1904-1905.	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.	Notes on the main heads of Net Revenue and Ex- penditure.
	£	£	£	£	
MAJOR WORKS :					
Receipts	2,887,581	2,888,100	2,782,900	3,072,900	
Working Expenses	875,281	854,100	898,900	901,100	
Interest on Debt	1,015,224	1,048,300	1,040,300	1,079,200	
Net Receipts	997,076	985,700	843,700	1,092,600	
MINOR WORKS :					
Receipts	183,455	167,100	169,600	177,100	
Expenditure	895,848	990,900	969,400	1,012,600	
Net Expenditure	712,393	823,800	799,800	835,500	
Net Receipts, Major and Minor Works.	284,683	161,900	43,900	257,100	

More than two-fifths of the revenue under this head is obtained in the Punjab.

The falling-off in 1905-1906 in the receipts under Major Works occurred chiefly in the United Provinces and the Punjab. In the former province it was due to a decrease in the area irrigated for sugar-cane owing to frost and bad seed, and in the latter to remissions necessitated by the failure of the cotton crop in certain tracts. In the Budget Estimate for 1906-1907, it is assumed that the conditions in these provinces will be favourable for increased irrigation.

Mint.

	Accounts, 1904-1905.	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
	£	£	£	£
Receipts	206,410	105,500	305,300	201,900
Charges	117,877	123,300	120,700	139,300
Net receipts	88,533	-17,800	184,600	62,600

The net profit on the coinage of new rupees is not retained as a part of the ordinary revenue of the Government of India, but is transferred to the Gold Reserve Fund as it accrues. Up to and including 1903-1904 the amount of the profit realised, and the corresponding amount transferred to the Gold Reserve Fund, were brought to account separately as a receipt and payment, respectively, under the head "Mint." These transactions are now excluded from the Revenue and Expenditure Account and shewn elsewhere under "Deposits and Advances." The net profit in 1905-1906 amounted to £3,488,700. Information regarding the amount of the Gold Reserve Fund and the form in which it is held is given on page 10 above.

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The Mints are credited with a seigniorage of 2 per cent. on fresh issues of rupees, to cover the cost of coinage. In 1905-1906 the coinage was unusually heavy, and the Mint receipts were accordingly high. The estimate of Receipts in 1906-1907 allows for a considerable reduction in the coinage, the amount of which, being dependent on the requirements of trade, it is impossible to foresee with certainty. Including the re-coinage of withdrawn issues, the coinage of rupees during the last three years has been as follows :—

					Rs.
1903-1904	...	...	...	...	16,17,17,556
1904-1905	...	...	...	...	10,87,84,913
1905-1906	...	...	...	...	16,50,00,000

Exchange.

					£
Accounts, 1904-1905	...	...	...	...	94,065
Budget, 1905-1906	...	...	...	...	54,700
Revised Estimate, 1905-1906	...	...	...	...	91,700
Budget, 1906-1907	...	...	...	...	40,000

The average rate obtained for bills and telegraphic transfers sold by the Secretary of State for India was 16·045 pence in 1904-1905 and 16·0427 pence in 1905-1906.

NET EXPENDITURE.

Debt Services.

	Accounts, 1904-1905.	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
	£	£	£	£
Total payments for Interest on Debt ...	7,280,848	7,292,400	7,333,300	7,824,800
<i>Deduct</i> amount chargeable to Railways <i>(included under Railways, page 16).</i>	5,064,044	5,348,300	5,337,700	5,943,900
<i>Deduct</i> amount chargeable to Irrigation <i>(included under Irrigation, page 19).</i>	1,015,224	1,048,300	1,040,300	1,079,200
Interest on Ordinary Debt ...	1,201,580	895,800	955,300	801,700
Interest on other obligations ...	445,365	469,100	462,500	477,100
Total ...	1,646,945	1,364,900	1,417,800	1,278,800
Interest Receipts ...	849,579	805,400	945,100	853,000
Net Interest Payments other than those chargeable to Railways and Irrigation.	797,366	559,500	472,700	425,800

The total debt is classified in the Accounts as (1) Public Works Debt and (2) Ordinary Debt. The amount entered as belonging to the former category is the equivalent of the total capital expenditure which has been

incurred by the State on Public Works, and the interest on this sum is charged under Railways and Irrigation (*see* pages 16 and 19 above) ; the " Ordinary Debt " consists of the remainder of the debt. In any year in which, owing to the use of surplus revenue or deposits for the construction of Public Works, the capital expenditure of the year exceeds the amount of debt incurred in the year, the effect of this system of classification is to cause a decrease to be shown in the amount of the Ordinary Debt and of the interest thereon. The figures in the table above show a decrease due to this cause.

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penditure.

The large increase in 1906-1907 in the total payments, and in the amount chargeable to railways, is chiefly due to the inclusion of the charge for interest on the stock created for the purchase of the Bombay, Baroda, and Central India Railway, and on the obligations of the Company for which the liability was assumed by the Secretary of State in Council from the date of purchase. The interest charges so included since the 31st December, 1905, when the line was purchased by the Secretary of State, are as follows :—1905-1906, £22,800 ; 1906-1907 (Budget), £384,800.

The most important of the " other obligations " referred to in the table above are the Savings Banks Balances and the Service Funds and other special funds held by the Government of India.

The amount of the debt and other obligations is shewn on page 9 above.

The receipts shewn in the table include the interest received in India on loans granted by the Government to Native States, Municipalities, Port Trusts, Railway Companies, &c., and in England on the balances of the Secretary of State in Council. They also include the interest, in India and England, on the invested portion (now £8,000,000) of the Paper Currency Reserve.

ARMY.

Net Army Charges in India.

	Accounts, 1904-1905.	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
NET CHARGES IN INDIA.				
Effective Services :—	£	£	£	£
Army and Garrison and Ad- ministrative Staff.	545,360	558,000	552,900	566,900
Regimental Pay, Allowances and Charges.	6,538,235	6,562,400	6,771,800	7,114,600
Supply and Transport... ..	2,541,347	2,593,100	2,649,000	2,811,500
Medical Establishments, Sup- plies and Services.	560,694	582,200	561,600	578,700
Ordnance Establishments, Stores and Camp Equipage.	681,097	814,000	732,700	804,600
Miscellaneous Services ...	786,436	195,200	203,600	122,100
Other Effective Services ...	852,444	922,100	861,700	897,100
Total Effective Services ...	12,505,613	12,227,000	12,333,300	12,895,500
Non-effective Charges	582,287	578,200	595,100	587,200
Reorganization	411,133	569,000	461,800	(a)
Total, India	13,499,033	13,374,200	13,390,200	13,482,700

(a) " Reorganization " charges included under " Effective Services."

Appendix
I.

Net Army Charges in England.

Notes on the main heads of Net Revenue and Ex- penditure.		Accounts, 1901-1905.	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
	Effective Services :—				
	Charges—	£	£	£	£
	Payments to War Office for British Forces in India.	644,552	646,000	566,000	650,000
	Furlough Allowances	394,068	376,000	427,000	400,000
	Indian Troop Service and Passage of Officers.	382,503	340,300	333,900	334,000
	Miscellaneous	53,412	42,000	43,300	35,000
	Stores	1,471,590	853,500	709,600	1,780,300
	Total	2,946,125	2,257,800	2,079,800	3,199,300
	Receipts—				
	Contribution of Imperial Government towards Trans- port Charges.	130,000	130,000	130,000	130,000
	Contribution of Imperial Government towards Military Charges for Aden.	100,000	100,000	100,000	100,000
	Transfer and Sale of Stores, Recoveries, &c.	97,327	70,900	83,000	43,000
	Total	327,327	300,900	313,000	273,300
	Net Charge for Effective Services ...	2,618,798	1,956,900	1,766,800	2,926,000
	Non-effective Charges (net) ...	2,410,566	2,388,000	2,346,900	2,373,500
	Reorganization	686,366	1,635,600	858,500	(a)
	Total, England	5,715,730	5,980,500	4,972,200	5,299,500
	Grand Total	19,214,763	19,354,700	18,362,400	18,782,200

(a) "Reorganization" charges included under "Effective Services."

It will be seen from the table above that in the Revised Estimate for 1905-1906 the net expenditure on the Army is less by £992,300 than was anticipated in the Budget for that year, while the amount provided in the Budget for 1906-1907 exceeds by £419,800 that shewn in the Revised Estimate for 1905-1906. The chief variations occur in the expenditure on measures for improving the efficiency of the Army, to which reference was made in the Financial Statement of the Government of India, published in March, 1905.

In the estimates and accounts published last year the expenditure on these measures was exhibited under a special sub-head "Reorganisation," to which it was intended to charge all the cost, initial and recurring, of the measures in question. Experience has shown that a disproportionate amount of labour would be involved in bringing to account in this manner, with absolute accuracy, all the expenditure of this nature, which includes the annual cost of many small improvements in the organisation of existing establishments. It has therefore been decided that this expenditure shall be included under the ordinary heads of account, but that a record of the amount shall be kept, based to some extent on careful estimates. In the following table the figures relating to the Army in the Estimates for 1905-1906 and 1906-1907 are analysed so as to shew separately the Ordinary Expenditure and the Special Expenditure, the latter division including the outlay on the measures originally included in the scheme for the improvement of the Army and on some other similar measures.

	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.	Appendix I. Notes on the main heads of Net Revenue and Expenditure.
Ordinary Expenditure :—	£	£	£	
India	13,231,700	13,483,200	13,430,100	
England	4,662,900	4,453,800	4,558,000	
Total	17,894,600	17,937,000	17,988,100	
Special Expenditure :—				
India	741,200	633,900	813,800	
England	1,646,500	869,400	1,044,800	
Total	2,387,700	1,503,300	1,858,600	
Total Expenditure	20,282,300	19,440,300	19,846,700	
Deduct Receipts	927,600	1,077,900	1,064,500	
Net Charges	19,354,700	18,362,400	18,782,200	

The variations in the Special Expenditure exhibited in this table are chiefly due to the fact that certain supplies of artillery and other stores, which are being procured in England, and were expected to be received in 1905-1906, will not be delivered until 1906-1907. The amount which has to be carried forward on this account is £734,000. Among the other objects on which special expenditure is to be incurred in 1906-1907 are additional mule corps and cadres, addition of officers to the Indian Army, reorganisation of artillery batteries, and increase in reserves of ammunition.

Military Works.

	£
Accounts, 1904-1905	936,137
Budget, 1905-1906	1,104,000
Revised Estimate, 1905-1906	1,031,100
Budget, 1906-1907	1,122,100

The Budget includes a provision of £358,200 for buildings in connection with the redistribution of the Army and the expansion of the ordnance factories.

Special Defence Works.

	£
Accounts, 1904-1905	128,295
Budget, 1905-1906	253,200
Revised Estimate, 1905-1906	192,000
Budget, 1906-1907	231,500

This expenditure is for a scheme of special coast defences begun in 1903-1904.

Appendix
I.

Collection of Revenue.

Notes on the main heads of Net Revenue and Ex- penditure.				Accounts, 1904-1905.	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
				£	£	£	£
Land Revenue	...	...	...	3,203,694	3,378,000	3,321,200	3,473,000
Forest	...	...	...	869,138	926,500	949,400	985,500
Salt	...	...	...	345,102	373,300	370,000	372,500
Stamps	...	...	...	121,091	124,700	124,600	207,700
Excise	...	...	...	242,314	268,600	258,500	291,500
Provincial Rates	...	...	...	36,641	39,100	38,300	40,100
Customs	...	...	...	179,246	188,900	182,700	191,500
Assessed Taxes	...	...	...	21,417	22,500	22,600	23,200
Registration	...	...	...	180,899	188,100	186,700	197,900
Total	...	£	£	5,199,542	5,509,700	5,454,000	5,782,900

The variations under Land Revenue occur mainly in connection with Survey and Settlement operations and with changes in Provincial and Village establishments.

The charges for Forest conservation, &c., increase with the work of the Department and the growth of the gross revenue.

The increase under Stamps in 1906-1907 is due to the introduction of a unified Postal and Revenue stamp ; the cost of all stamps will now be included under the head "Stamps," whereas hitherto the cost of Postal and Telegraph stamps have been charged to "Post Office" and "Telegraph."

Civil Departments.

				£
Accounts, 1904-1905	...	...	...	10,852,430
Budget, 1905-1906	...	...	...	11,871,500
Revised Estimate, 1905-1906	...	...	...	11,608,800
Budget, 1906-1907	...	...	...	12,749,400

The following table shews the charges for the several departments :—

			Accounts, 1904-1905.	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
			£	£	£	£
General Administration	...	...	1,475,436	1,500,700	1,582,200	1,555,100
Law Courts and Jails	...	...	2,545,102	2,658,100	2,645,400	2,764,400
Police	...	...	2,830,422	3,230,500	3,032,700	3,451,400
Marine	...	...	451,654	421,400	403,500	463,700
Education	...	*	1,285,261	1,633,100	1,383,700	1,692,900
Ecclesiastical	...	...	121,039	125,900	121,400	124,700
Medical	...	...	913,956	986,700	940,800	1,036,000
Political	...	...	790,339	670,100	942,400	953,800
Scientific and Minor Departments.	...	...	439,221	645,000	556,700	707,400
Total	...	...	10,852,430	11,871,500	11,608,800	12,749,400

In April, 1905, the Government of India made permanent annual grants to the Provincial Governments of £333,000 a year for Police reform, £233,000 for the improvement of primary Education, and £133,000 for the development of agricultural research and instruction. A portion of these grants has in most provinces been devoted to the construction of buildings; of which the cost is entered under "Civil Works," and it has not yet been possible to utilise fully the remaining portion owing to delay in the initiation of some of the measures contemplated. As a consequence, the charges shewn in the Revised Estimate for 1905-1906 under Police, Education, and Scientific and Minor Departments, are considerably less than in the Budget.

Appendix
I.
Notes on
the
main heads
of Net
Revenue
and Ex-
penditure.

The increase in the Political charges in the Revised Estimate for 1905-1906 and the Budget Estimate for 1906-1907 is due to the inclusion of £241,200 and £283,000, respectively, for payment of the annual subsidy, with arrears, to the Amir of Afghanistan.

The Budget Estimate for 1906-1907 includes provision for the expenditure by the Provincial Governments of the following additional permanent grants which they have received from the Government of India, as mentioned on pages 5 and 6 above, viz.:—£166,700 for Police Reform, £33,300 for Education, and £26,700 for Agriculture.

Miscellaneous Civil Charges.

	£
Accounts, 1904-1905... ..	3,668,729
Budget, 1905-1906	3,623,100
Revised Estimate, 1905-1906	3,656,300
Budget, 1906-1907	3,712,800

The expenditure under this head includes Territorial and Political Pensions, Furlough and Absentee Allowances, Superannuation Allowances and Pensions, Stationery and Printing, and other miscellaneous charges. The most important figures are those relating to Civil Superannuation Allowances and Pensions, the net charge for which is as follows:—

	India.	England.	Total.
	£	£	£
1904-1905	772,969	1,946,391	2,719,360
1905-1906 (Revised Estimate) ...	799,500	1,948,600	2,748,100
1906-1907 (Budget)	841,600	1,953,200	2,794,800

Famine Relief and Insurance.

	Accounts, 1904-1905.	Budget, 1905-1906.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
	£	£	£	£
Famine Relief.	2,078	211,700	136,500	539,100
Protective Railways... ..	115,812	35,100	57,900	6,700
Protective Irrigation Works ...	215,013	380,000	312,600	441,000
Reduction or avoidance of Debt ...	667,097	373,200	493,000	13,200
Total	1,000,000	1,000,000	1,000,000	1,000,000

Appendix
I.
Notes on
the
main heads
of Net
Revenue
and Ex-
penditure.

A sum of not less than £1,000,000 is annually appropriated for the purposes of Famine Relief and Insurance. When the outlay on direct famine relief is less than this sum, the balance is used (1) for the construction or maintenance of protective railways and irrigation works, and (2) for the construction of ordinary public works, which would otherwise require additional borrowing. The amount used for the last mentioned purpose is shown under the head of "Reduction or Avoidance of Debt."

The expenditure on Famine Relief in Madras and Bombay in 1905-1906 has been very much smaller than was anticipated when the Budget for that year was framed, but there has been unexpected outlay in Ajmer-Merwara (£46,400) and the United Provinces (£43,100). The provision for relief in 1906-1907 is as follows:—Bombay, £280,000; United Provinces, £133,600; Ajmer-Merwara, £90,000; Madras, £20,000; Punjab, £15,700.

Of the total outlay on Protective Irrigation Works in 1906-1907, £156,700 is expected to occur in the United Provinces and £100,000 in the Central Provinces.

Civil Works (including construction of railways charged to Provincial or Local revenues).

	£
Accounts, 1904-1905	4,291,454
Budget, 1905-1906	5,092,100
Revised Estimate, 1905-1906	4,886,900
Budget, 1906-1907	5,226,500

The increase in the Budget for 1905-1906 as compared with the Accounts of the previous year is partly due to the inclusion of permanent grants of £377,000 a year made by the Government of India to District and Local Boards in April, 1905, in aid of their expenditure on roads, buildings, hospitals, schools, water supply, sanitation, &c. Provision was also made in various provinces for increased expenditure from provincial resources. It appears from the Revised Estimate that the special grants referred to have not yet been fully utilised. On the other hand, a portion of the permanent grants of £700,000 a year made at the same time to Provincial Governments for expenditure on Police, Education, and Agriculture (*see above under "Civil Departments,"*) has been devoted to the construction of buildings, and the money so spent goes to increase the charges under this head.

The Budget for 1906-1907 includes provision for the Agricultural College at Pusa, a new General Post Office at Bombay, and buildings required by the improvements in police organisation and primary education.

Provincial Adjustments.

	Provincial Surpluses (which are added to the Provincial Balances and charged against the Revenue of the Year).	Provincial Deficits (i.e., Contributions from Provincial Balances in reduction of the amount to be charged against the Revenue of the Year).
	£	£
Accounts, 1904-1905	162,800	—
Budget, 1905-1906	—	1,370,300
Revised Estimate, 1905-1906	80,400	—
Budget, 1906-1907	—	1,077,600

The difference between the figures of the Budget and Revised Estimates for 1905-1906 is explained on page 5 above.

APPENDIX II.

HOME CHARGES.

Appendix II.
Home Charges.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1904-1905.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
	£	£	£
Interest and Management of Debt (excluding Interest charged in Railway Revenue Account)	2,932,528	2,794,600	2,915,900
Railway Revenue Account	6,659,439	6,757,000	6,801,900
Civil Administration:			
Payments on account of Departments in India, passage, outfit, &c. ..	28,110	48,800	41,900
Postal Subsidy	104,487	61,200	61,200
Telegraph: Red Sea Company's Annuity	18,027	18,000	18,000
" Indo-European	17,700	20,900	56,300
" Joint Purse Guarantee	—	17,500	14,000
Public Works: Civil Engineering College	1,951	4,800	7,100
" Other Charges	2,578	4,600	3,000
Marine: His Majesty's ships in Indian Seas	100,115	100,100	100,100
" Indian Government Defence Vessels	4,000	—	—
" Other Charges	2,983	2,000	3,000
Indian Civil Service: Allowances to Candidates, Examinations, &c. ..	8,150	8,000	8,200
Lunatics: Maintenance	2,047	1,600	1,700
Political Charges: Persian Mission and Minor Consulates	1,294	—	11,700
" Pensions: Territorial and Political	10,672	11,100	10,800
" Other Charges	2,455	3,300	2,200
India Office: Salaries of Establishment	131,892	134,300	136,900
" Auditor's Department	7,169	6,800	6,600
" Store Department	27,025	25,700	25,100
" Stationery, Postage, Telegrams, and other Charges	26,444	24,700	25,500
Army, Effective: Home Charges of British Forces serving in India (including receipt on account of Aden)	557,239	480,000	565,000
" Troop Service and Transport (including receipt from War Office)	193,360	153,500	186,900
" Other Charges	52,436	42,900	34,500
Stores: Civil and Public Works	338,139	332,100	386,000
" Telegraph	148,365	260,000	257,000
" Marine	189,421	154,400	210,900
" Military	1,434,382	672,400	752,400
" Reorganisation	686,366	858,500	1,002,200
" Special Defences (1902)	92,387	111,100	96,000
" Miscellaneous Charges	55,464	29,600	4,000
Furlough: Civil and Marine	218,692	230,500	243,000
" Military	381,381	413,000	385,000
" Telegraph and Public Works	41,999	47,500	54,000
Non-Effective Charges: Civil and Marine	1,358,163	1,368,800	1,372,200
" Military	2,998,794	2,926,700	2,954,500
Total	18,827,654	18,071,800	18,731,300

The Expenditure in England not charged on the Revenues of the year is as follows :—

Expenditure.	Accounts, 1904-1905.	Revised Estimate, 1905-1906.	Budget, 1906-1907.
	£	£	£
Capital outlay on construction of State Railways	1,495,093	2,081,600	3,276,100
" on Irrigation Works	7,259	28,500	14,800
Total	1,502,352	2,101,100	3,290,900

Appendix
III.
Railways.

APPENDIX III.

RAILWAYS : MILEAGE AND TRAFFIC.

Length of railways open in India on			
31st March, 1904			27,125·6 miles.
Length of railways open in India on			
31st March, 1905			27,728·0
Additional mileage opened in			
1905-1906:—			
Eastern Bengal	183·7 miles		
Southern Punjab	152·8 „		
Tirhoot	106·6 „		
Rajputana-Malwa	100·5 „		
North-Western	83·3 „		
Rohilkhand and Kumaon	56·0 „		
Hospet-Kuttur	43·0 „		
East Indian	37·4 „		
Bengal and North-Western	35·6 „		
Bellary-Rayadrug	33·2 „		
Jaipur	32·2 „		
Tirupattur-Krishnagiri	25·4 „		
Morappur-Dharmapuri	18·4 „		
Jubbulpore-Gondia	17·0 „		
Cutch	11·9 „		
Other Railways	18·8 „		
Total		955·8 „	
Length of railways open in India on			
31st March, 1905			28,683·8 miles.

	1903.	1904.	1905.
Number of passengers carried	210,230,600	227,096,900	250,732,700
Tons of goods carried	47,684,000	52,051,000	55,862,000

RAILWAYS : CAPITAL OUTLAY AND NET TRAFFIC RECEIPTS.

Appendix
III.

Railways.

(The Capital at charge for each line on 31st March, 1905, is calculated by deducting from the total capital outlay up to 31st March, 1905, half the outlay in 1904-1905.)

		Capital at Charge, March 31st, 1905.	Net Receipts, 1904-1905.	Percentage of Net Receipts on Capital Outlay.
		£	£	
Guaranteed	... Bombay, Baroda and Central India*...	10,956,891	674,893	6.16
	Madras	12,341,367	399,921	3.24
State	... East Indian	41,519,953	3,382,522	8.15
	Rajputana-Malwa	10,445,149	917,502	8.78
	Bhopal	209,771	13,205	6.29
	Palanpur-Deesa	15,805	797	5.04
	Bengal-Nagpur	18,198,038	675,016	3.71
	Warora Colliery	95,743	11,773	12.29
	Burma	8,603,385	423,220	4.92
	Assam-Bengal	8,205,719	— 3,866	—
	Jorhat	60,489	— 397	—
	Eastern Bengal	11,202,106	623,961	5.57
	Bengal Central	1,017,671	36,364	3.57
	Brahmaputra-Sultanpur	184,351	63	5.03
	Tirhoot	3,472,758	184,034	5.30
	Oudh and Rohilkhand	13,045,266	486,331	3.73
	Agra Delhi Chord	617,791	666	.11
	Indian Midland	8,628,838	281,722	3.26
	Lucknow-Bareilly Section	804,717	48,605	6.04
	Hardwar-Dehra	177,837	8,978	5.05
	North Western	38,919,505	2,282,555	5.86
	South Indian	6,948,349	455,036	6.55
	North East Line, Madras Railway	4,272,114	119,179	2.79
	Nilgiri	236,271	4,411	1.87
	Bezwada Extension	78,386	11,930	15.22
	Guntakal-Mysore Frontier	394,194	20,407	5.18
	Mysore	1,191,647	37,719	3.16
	Mayavaram-Mutupet	307,349	17,058	5.55
	Tinnevely-Quilon (British Section)... ..	277,203	10,885	3.93
	Great Indian Peninsula	28,057,191	1,701,681	6.06
	Southern Mahratta	7,963,711	190,361	2.39
	Jodhpur - Hyderabad (British Section).	264,525	19,711	7.45
		238,714,090	13,036,243	5.46
Unopened lines, stores, &c.		3,709,103		
Private Companies:—		242,423,193	13,036,243	5.38
Government payments.		1,773,121		
		244,196,314		

* The Bombay, Baroda and Central India Railway has been purchased by Government as from the 31st December, 1905.

Appendix
IV.
Irrigation
Works.

APPENDIX IV.

MAJOR IRRIGATION WORKS : CAPITAL OUTLAY AND NET EARNINGS.

	Capital Outlay to end of 1904-1905.	Net Earnings (being gross receipts less working expenses).	Percentage of net Earnings on Capital Outlay.
Bengal :—	£	£	
Orissa Project	1,733,276	4,700	·27
Midnapore... ..	553,172	4,990	·90
Sone	1,720,455	61,014	3·55
United Provinces :—			
Ganges	2,010,007	211,012	10·49
Lower Ganges	2,495,696	128,631	5·15
Agra	639,735	40,918	6·39
Eastern Jumna	297,833	73,949	24·83
Betwa	309,014	3,211	1·04
Punjab and N.W. Frontier Province :—			
Western Jumna	1,098,319	120,063	10·93
Bari-Doab	1,274,149	164,539	12·91
Sirhind	1,575,853	117,718	7·47
Lower Chenab	1,827,875	467,072	25·55
Lower Jhelam	929,133	753	·08
Swat River	268,199	27,743	10·34
Madras :—			
Godavari Delta	784,039	179,275	22·87
Kistna Delta	955,565	150,619	15·76
Pennér Anicut	364,085	727	·20
Kurnool-Kuddapah	1,451,164	7,198	·50
Periyar Project	600,625	25,644	4·27
Rushikulya Project	306,638	2,598	·85
Bombay :—			
E. Nara Works	425,575	27,856	6·55
Mutha	462,002	11,227	2·43
Jamrao	535,821	22,619	4·22
Nira	358,067	3,384	·94
Burma :—			
Mandalay	339,337	974	·29
Other Works	2,489,463	153,866	6·18
Total	25,805,097	2,012,300	7·80

APPENDIX V.

Appendix
V.
Trade
Tables.

TRADE TABLES.

SEA-BORNE TRADE :—

- I.—General Summary.
- II.—Imports and Exports of Merchandise : Summary distinguishing Govern-
ment transactions from transactions on Private Account.
- III.—Movements of Treasure.
- IV.—Analysis of Imports of Merchandise, shewing the principal articles
separately.
- V.—Analysis of Exports of Merchandise, shewing the principal articles
separately.

LAND TRADE : Summary.

I.—Summary of Sea-borne Trade.

	1903-1904.	1904-1905.	1905-1906.
	£	£	£
Imports :—			
Merchandise	61,728,182	69,608,497	74,713,988
Treasure	25,684,072	26,338,783	21,100,963
Total	87,412,254	95,947,280	95,814,951
Exports :—			
Merchandise :—			
Indian Produce	100,087,754	102,863,503	105,530,191
Re-exports	2,257,019	2,275,365	2,373,406
Total	102,344,773	105,138,868	107,903,597
* Treasure	10,029,254	10,952,544	10,313,337
Total	112,374,027	116,091,412	118,216,934
Total Imports and Exports	199,786,281	212,038,692	214,031,885
Net Exports... ..	24,961,773	20,144,132	22,401,983

Appendix
V.Trade
Tables.II.—*Sea-borne Trade—Imports and Exports of Merchandise : Summary distinguishing Government Transactions from Transactions on Private Account.*

	1903-1904.	1904-1905.	1905-1906.
	£	£	£
Imports of Merchandise :—			
Private	56,548,862	64,452,192	68,696,476
Government	5,179,320	5,156,305	6,017,512
Total Imports	61,728,182	69,608,497	74,713,988
Exports of Merchandise :—			
Private	101,973,055	105,000,396	107,827,933
Government	371,718	138,472	75,664
Total Exports	102,344,773	105,138,868	107,903,597
Net Exports, Private	45,424,193	40,548,204	39,131,457
Net Imports, Government	4,807,602	5,017,833	5,941,848

III.—*Sea-borne Trade—Movements of Treasure.*

	1903-1904.	1904-1905.	1905-1906.
	£	£	£
Gold :—			
Net Imports (+) or Exports (–) on Private Account.	+10,885,666	+12,075,590	+6,301,327
Net Imports (+) or Exports (–) on Government Account.	– 4,264,559	– 5,605,000	– 5,998,000
Total Net Imports	6,621,107	6,470,590	305,327
Silver :—			
Net Imports (+) or Exports (–) on Private Account.	+ 4,976,928	+ 4,625,053	+3,346,649
Net Imports (+) or Exports (–) on Government Account.	+ 4,056,783	+ 4,290,596	+7,135,650
Total Net Imports	9,033,711	8,915,649	10,482,299
Total Net Imports of Treasure	15,654,818	15,386,239	10,787,626

IV.—*Sea-borne Trade—Analysis of Imports of Merchandise, shewing the principal articles separately.*

Appendix
V.
Trade
Tables.

	1903-1904.	1904-1905.	1905-1906.
	£	£	£
A. <i>On Private Account—</i>			
1. Live Animals	357,522	395,175	329,430
2. Articles of Food and Drink :—			
Liquors	1,218,210	1,249,315	1,345,252
Provisions :—			
From United Kingdom... ..	544,297	560,070	609,991
From elsewhere	807,223	883,796	985,086
Total	1,351,520	1,443,866	1,595,077
Salt	424,611	474,199	439,451
Spices	548,010	688,237	722,019
Sugar (Refined) :—			
From United Kingdom... ..	420,338	79,942	189,766
From Mauritius	1,692,617	1,250,130	1,302,465
From Austria-Hungary and Germany	193,670	1,155,583	1,914,331
From Java	684,887	1,273,400	956,310
From elsewhere	758,832	665,001	454,818
Unrefined Sugar, Molasses, and Confectionery	206,839	177,765	364,983
Total	3,957,183	4,601,821	5,182,673
Other articles	296,949	266,883	433,309
Total value of articles of Food and Drink ...	7,796,483	8,724,321	9,717,181
3. Metals and Manufactures of Metals :—			
Hardware and Cutlery :—			
From United Kingdom	1,003,734	1,049,547	1,043,216
From Germany	176,620	203,522	210,046
From elsewhere	371,533	333,096	265,493
Total... ..	1,551,887	1,586,165	1,518,755

Appendix
V.Trade
Tables.IV.—*Sea-borne Trade—Analysis of Imports of Merchandise, shewing the principal articles separately—cont.*

						1903-1904.	1904-1905.	1905-1906.
A. <i>On Private Account—cont.</i>								
3. Metals and Manufactures of Metals— <i>cont.</i>						£	£	£
Machinery and Millwork :—								
From United Kingdom	...	...	...	...	...	2,116,517	2,556,261	3,137,967
From elsewhere	...	...	...	...	...	118,578	128,567	141,832
Total ...	...	...	...	...	...	2,235,095	2,684,828	3,279,799
Iron and Steel :—								
From United Kingdom...	...	...	...	...	...	2,590,001	2,759,404	4,430,283
From Belgium	...	...	...	...	...	1,046,665	938,065	
From elsewhere	...	...	...	...	...	408,966	386,164	
Total ...	...	...	...	...	...	4,045,632	4,083,633	4,430,283
Copper	...	...	...	...	...	1,445,852	1,405,968	955,693
Other Metals	...	...	...	...	...	705,506	722,958	644,615
Railway Plant (other than Government Stores)						934,643	939,772	1,081,550
Total value of Metals and Manufactures of Metals :—								
From United Kingdom...	...	...	...	...	...	7,779,734	8,503,391	11,910,697
From Belgium	...	...	...	...	...	1,261,228	1,139,557	
From elsewhere	...	...	...	...	...	1,877,653	1,780,376	
Total ...	...	...	...	...	...	10,918,615	11,423,324	11,910,697
4. Chemicals, Drugs, Medicines, Narcotics, Dyeing and Tanning Materials.						1,833,865	1,869,406	1,981,741
5. Oils						2,358,327	2,328,761	1,625,213
6. Raw materials and unmanufactured articles :—								
Jewellery	...	...	...	...	...	1,014,367	585,072	894,236
Silk	...	...	...	...	...	395,302	489,408	474,603
Other articles	...	...	...	...	...	1,183,166	1,741,590	1,867,641
Total	...	...	...	...	...	2,592,835	2,816,070	3,236,480

IV.—Sea-borne Trade—Analysis of Imports of Merchandise, shewing the principal articles separately—cont. Appendix V.

					1903-1904.	1904-1905.	1905-1906.	Trade Tables.
A. On Private Account—cont.					£	£	£	
7. Articles manufactured and partly manufactured :—								
Cotton :—								
From the United Kingdom	...	...	...	...	19,474,010	23,731,774	} 28,295,195	
From elsewhere	...	...	...	...	1,199,708	1,632,767		
Total ...	...	...	...	...	20,673,718	25,364,541	28,295,195	
Silk	...	...	...	...	1,222,315	1,412,100	1,267,649	
Wool :—								
From the United Kingdom	...	...	...	...	946,397	1,153,787	} 1,617,646	
From elsewhere	...	...	...	...	493,181	897,165		
Total ...	...	...	...	...	1,439,578	2,050,952	1,617,646	
Apparel (excluding hosiery and boots):—								
From the United Kingdom	...	...	...	...	568,815	587,405	647,209	
From elsewhere	...	...	...	...	575,473	675,328	602,446	
Total ...	...	...	...	...	1,144,288	1,262,711	1,249,655	
Glass and Glassware :—								
From the United Kingdom	...	...	...	...	111,948	104,769	112,071	
From Austria-Hungary...	...	...	...	...	249,100	334,868	258,080	
From elsewhere	...	...	...	...	300,336	310,836	379,968	
Total ...	...	...	...	...	661,384	750,473	750,119	
Other articles	...	...	...	...	5,549,932	6,054,336	6,714,870	
Total value of articles manufactured and partly manufactured.					30,691,215	36,895,135	39,895,134	
Total value of Imports of Merchandise on Private Account :—								
From the United Kingdom	...	...	...	...	36,706,020	42,039,613	} 68,696,476	
From elsewhere	...	...	...	...	19,842,842	22,412,579		
Total ...	...	...	...	...	56,548,862	64,452,192	68,696,476	
B. Government Stores					5,179,320	5,156,305	6,017,512	
Grand Total, Imports of Merchandise					61,728,182	69,608,497	74,713,988	

Appendix V. *V.—Sea-borne Trade—Analysis of Exports of Merchandise, shewing the principal articles separately.*

Trade
Tables.

	1903-1904.	1904-1905.	1905-1906.
<i>A. Indian Merchandise exported on Private Account.</i>	£	£	£
1. Animals, living	148,502	129,342	128,922
2. Articles of Food and Drink :—			
Coffee	911,585	1,107,317	1,171,149
Rice :—			
To the United Kingdom	1,047,551	1,096,965	12,426,427
To Straits Settlements	2,043,225	1,379,120	
To Ceylon	1,811,185	1,911,439	
To Japan	1,975,231	2,347,596	
To other countries	5,647,923	6,335,996	
Total	12,723,282	13,071,116	12,426,427
Wheat and Wheat flour :—			
To the United Kingdom	6,032,913	7,994,302	6,115,146
To other countries	659,079	4,404,518	
Total	7,745,893	12,398,820	6,115,146
Other grains and Pulse	1,259,376	1,935,021	1,141,787
Provisions	409,702	438,133	473,983
Spices	618,717	462,674	605,276
Tea :—			
To United Kingdom	4,726,074	4,473,167	5,930,829
To other countries	979,214	1,175,364	
Total	5,705,288	5,648,531	5,930,829
Other articles	433,002	308,749	375,935
Total, Articles of Food and Drink	29,806,845	35,370,361	28,240,532
3. Metals and Manufactures of Metals	229,897	244,915	388,227
4. Chemicals, Drugs, Dyeing Materials, &c. :			
Opium :—			
To China	5,186,727	5,541,040	4,906,198
To other countries	1,793,383	1,541,255	1,401,646
Total	6,980,110	7,082,295	6,307,844

V.—Sea-borne Trade—Analysis of Exports of Merchandise, shewing the principal articles separately—cont.

Appendix
V.

Trade
Tables.

					1903-1904.	1904-1905.	1905-1906.
<i>A. Indian Merchandise exported on Private Account—cont.</i>							
4. Chemicals, Drugs, Dyeing Materials, &c.—cont.							
Indigo :—					£	£	£
To the United Kingdom	...	...	...	...	131,712	126,845	100,153
To Egypt	...	...	...	...	170,727	121,067	117,503
To other countries	...	...	...	...	415,029	308,493	173,222
Total	...	...	...	...	717,468	556,405	390,878
Other articles	...	...	...	...	973,864	887,461	928,591
Total, Chemicals, Drugs, &c.	...	...	...	...	8,671,442	8,526,161	7,627,313
5. Oils	...	...	...	...	687,268	668,712	545,221
6. Raw Materials and Unmanufactured Articles :—							
Cotton :—							
To Japan	...	...	...	...	3,456,491	3,921,987	4,577,711
To Germany	...	...	...	...	3,096,314	2,012,954	2,462,581
To other countries	...	...	...	...	9,697,959	5,688,183	7,178,035
Total	...	...	...	...	16,250,764	11,623,124	14,218,327
Hides and Skins (Unprepared) :—							
To the United States	..	...	...	...	1,592,532	1,972,362	2,878,317
To other countries	...	...	...	...	2,298,277	2,730,397	3,880,620
Total...	...	...	...	...	3,890,809	4,702,759	6,758,937
Jute :—							
To the United Kingdom	...	...	...	...	3,480,398	3,298,003	4,876,823
To Germany	...	...	...	...	1,545,320	1,741,273	2,153,146
To other countries	...	...	...	...	2,786,363	2,937,821	4,387,140
Total	...	...	...	...	7,812,081	7,977,097	11,417,109
Linseed :—							
To United Kingdom	...	...	...	...	1,349,912	1,460,231	818,614
To other countries	...	...	...	...	2,479,519	2,758,919	1,925,079
Total	...	...	...	...	3,829,451	4,219,150	2,743,693
Other seeds	...	...	...	...	5,847,769	5,388,087	4,334,709
Wood, Teak and other	...	...	...	...	721,530	484,000	564,377
Wool, raw	...	...	...	...	918,264	1,261,116	1,411,104
Other articles	...	...	...	...	2,511,897	2,609,401	3,328,960
Total, Raw Materials and Unmanufactured Articles.					41,782,565	38,264,734	44,777,216

Appendix V.—*Sea-borne Trade—Analysis of Exports of Merchandise, shewing the principal articles separately—cont.*

Trade
Tables.

					1903–1904.	1904–1905.	1905–1906.
<i>A. Indian Merchandise exported on Private Account—cont.</i>					£	£	£
7. Manufactured and partly manufactured articles :—							
Cotton twist and yarn :—							
To China	...	...	...	...	5,468,537	5,991,357	7,784,900
To other countries	...	...	...	...	425,825	552,431	473,558
Total...	...	...	...	...	5,894,362	6,543,788	8,258,458
Other cotton	...	...	...	...	1,087,177	1,218,340	1,358,542
Total cotton	...	...	...	...	6,981,539	7,762,128	9,617,000
Jute :—							
Gunny bags and cloth :—							
To the United Kingdom	...	...	...	...	516,675	496,593	706,570
To the United States	...	...	...	...	2,121,267	2,119,939	2,627,123
To other countries	...	...	...	...	3,635,427	3,964,486	4,921,668
Other Jute manufactures	...	...	...	...	39,429	44,894	43,042
Total...	...	...	...	...	6,312,798	6,625,912	8,298,403
Hides and Skins :—							
To the United Kingdom	...	...	...	...	1,812,346	1,607,601	2,091,022
To other countries	...	...	...	...	253,571	293,544	334,458
Total...	...	...	...	...	2,065,917	1,901,145	2,425,480
Lac :—							
To the United Kingdom	...	...	...	...	887,421	935,253	} 2,068,103
To other countries	...	...	...	...	899,226	1,052,948	
Total...	...	...	...	...	1,786,647	1,988,201	2,068,103
Other articles	...	...	...	...	1,282,628	1,270,389	1,360,232
Total, manufactured and partly manufactured articles.					18,429,530	19,547,775	23,769,218
Total exports of Indian merchandise on Private Account :—							
To the United Kingdom	...	...	...	...	27,060,819	28,287,046	} 105,476,649
To other countries	...	...	...	...	72,695,220	74,464,954	
Total...	...	...	...	...	99,756,049	102,752,000	105,476,649
<i>B. Government Stores, exports</i>					331,705	111,503	53,542
Total exports, Indian merchandise	...	...	...	...	100,087,754	102,863,503	105,530,191

V.—Sea-borne Trade—Analysis of Exports of Merchandise, shewing the principal articles separately—cont.

Appendix
V.
Trade
Tables.

	1903-1904.	1904-1905.	1905-1906.
	£	£	£
C. Re-exports—On Private Account:—			
Cotton, wool and apparel '	1,223,140	1,169,693	1,209,668
Other articles	993,866	1,078,703	1,141,616
D. Re-exports—Government Stores	40,013	26,969	22,122
Total	2,257,019	2,275,365	2,373,406
Grand Total, Exports of Merchandise	102,344,773	105,138,868	107,903,597

Land Trade : Summary.

Countries.		1903-1904.	1904-1905.	1905-1906 (first 9 months only)
		£	£	£
Afghanistan	{ Imports	434,834	538,435	431,143
	{ Exports	565,937	817,036	678,996
Kashmir	{ Imports	924,378	1,201,669	868,073
	{ Exports	807,059	770,004	716,539
Nepal	{ Imports	1,795,686	1,760,433	1,332,261
	{ Exports	912,617	999,101	710,685
Shan States	{ Imports	699,462	812,990	625,699
	{ Exports	524,167	692,489	583,389
Other Countries	{ Imports	1,356,733	1,356,287	979,937
	{ Exports	1,156,555	1,276,411	905,853
Total	{ Imports	5,211,093	5,669,814	4,237,113
	{ Exports	3,966,335	4,555,041	3,595,462

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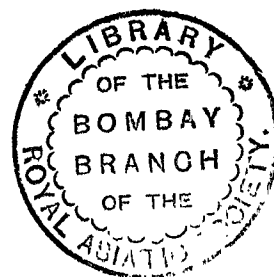
EAST INDIA : ACCOUNTS AND ESTIMATES, 1907-1908.

EXPLANATORY MEMORANDUM

BY THE

SECRETARY OF STATE FOR INDIA.

Presented to both Houses of Parliament by Command of His Majesty.



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EAST INDIA : ACCOUNTS AND ESTIMATES, 1907-1908.

Memorandum by the Secretary of State for India, relating to the
Accounts of the Government of India for 1905-1906, and
the Estimates for 1906-1907 and 1907-1908.

FORM OF ACCOUNTS AND ESTIMATES.

In the "Financial Statement" of the Government of India, which is annually presented to Parliament (*see* H. of C.140 of 1907), the Accounts and Estimates are prepared so as to shew the transactions in India in rupees; the rupee figures are then converted into pounds at the rate of £1 to 15 rupees; the sterling transactions in England are next stated; and the last two sets of figures are added together, so as to shew in pounds the combined transactions in India and in England. The comparatively small addition or deduction that has to be made on account of the facts that the remittances from India to England are not effected at exactly 16 pence to the rupee, and that the Government is under obligations to carry out certain transactions with railway companies at specified rates differing from the rate of 16 pence to the rupee, is shewn in a single line, under the head of Exchange.

GROSS REVENUE AND EXPENDITURE.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows :—

Gross Revenue and Expenditure.	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
Revenue 	£ 73,327,957	£ 75,626,900	£ 75,012,800
Expenditure 	71,236,103	74,300,800	74,238,100
Surplus 	2,091,854	1,326,100	774,700

In these figures all receipts are included in the total of revenue and all outlay in the total of expenditure, with the one exception (first made in the Financial Statement of the Government of India for the present year) that the working expenses of railways are treated not as expenditure but as a deduction from revenue.

NET REVENUE AND EXPENDITURE.

The figures of Gross Revenue just given include the net traffic receipts of railways, without any deduction on account of interest charges, and the total receipts derived from the other commercial undertakings of the Government of India (*i.e.* Irrigation Works, Post Office, and Telegraphs) and from the sale of Opium: while the figures of Gross Expenditure include the interest charges of railways, the working expenses and interest charges of other commercial undertakings, and the cost of cultivation of opium. This method of compiling the figures causes the revenue available for administrative purposes, and the expenditure on such purposes, to appear much greater than they really are; and it has accordingly been the practice for some years to present to Parliament an annual statement of Net Income and Expenditure (*see* H. of C. 119 of 1907), in which the net revenue derived from commercial undertakings and opium is shewn instead of the gross revenue, and similar adjustments are made under other heads of revenue and expenditure by deducting (1) refunds and assignments from the gross yield of land revenue, taxation, &c., and (2) the receipts of certain spending departments from the gross expenditure incurred by them. In the following table the Net Revenue and Expenditure for 1905-6, 1906-7, 1907-8, are calculated in the same manner as in the annual Parliamentary return last mentioned.

Table of Net Revenue and Expenditure.

NET REVENUE.

Net Revenue.	Accounts, 1905-1906.		Budget, 1906-1907.		Revised Estimate, 1906-1907.		Budget, 1907-1908.	
I. Land Revenue, &c. :	£	£	£	£	£	£	£	£
1. Land Revenue	18,129,572		19,027,700		19,173,600		19,545,200	
2. Forest	1,775,124		1,787,000		1,798,100		1,886,700	
3. Tributes from Native States.	396,867		412,100		413,500		403,600	
		20,301,563		21,226,800		21,385,200		21,835,500
II. Opium		3,572,944		2,956,300		3,687,400		3,042,700
III. Taxation :								
1. Salt	4,109,939		4,136,800		4,021,200		3,023,300	
2. Stamps	3,876,326		3,928,300		3,977,500		4,121,600	
3. Excise	5,631,395		5,766,100		5,850,000		6,154,500	
4. Provincial Rates...	2,792,257		2,257,400		2,284,800		2,327,400	
5. Customs	4,258,366		4,370,200		4,192,100		4,499,100	
6. Assessed Taxes	1,314,678		1,335,700		1,403,400		1,425,100	
7. Registration	361,135		353,800		382,700		390,200	
		22,344,096		22,148,300		22,111,700		21,941,200
IV. Commercial Undertakings :								
1. Post Office	75,541		126,200		166,100		105,900	
2. Telegraph	—168,635		—216,900		—182,700		—88,200	
3. Railway Revenue Account	2,001,966		2,229,300		2,157,800		2,149,700	
4. Irrigation	126,231		257,100		597,700		368,200	
		2,037,103		2,395,700		2,738,900		2,535,600
V. Mint		201,104		62,600		254,600		94,500
VI. Exchange		82,870		40,000		193,300		133,300
Total Net Revenue ...		48,539,680		48,829,700		50,371,100		49,582,800

NET EXPENDITURE.

Net Expenditure.	Accounts, 1905-1906.		Budget, 1906-1907.		Revised Estimate, 1906-1907.		Budget, 1907-1908.	
I. Debt Services (excluding interest payments chargeable to Railways and Irrigation).	£	£	£	£	£	£	£	£
		464,949		425,800		336,800		100,800
II. Military Services :								
1. Army	18,077,434		18,782,200		18,716,800		18,287,100	
2. Military and Special Defence Works.	1,191,905		1,353,600		1,217,200		1,356,000	
		19,269,339		20,135,800		19,934,000		19,643,100
III. Collection of Revenue ...		5,470,083		5,782,900		5,677,900		5,993,200
IV. Civil Services :								
1. Civil Departments ...	11,707,890		12,749,400		12,692,500		13,296,100	
2. Miscellaneous Civil Charges	3,636,580		3,712,800		3,677,800		3,847,400	
3. Civil Works, including Construction of Railways charged to Local or Provincial Revenues.	4,874,991		5,226,500		5,062,500		5,370,800	
		20,219,461		21,688,700		21,432,800		22,514,300
V. Famine Relief and Insurance		1,000,000		1,000,000		1,000,000		1,000,000
VI. Provincial adjustments :								
1. Charge against Revenue of the Year arising from increase of Provincial Balances.		23,994		—		613,500		—
2. Diminution of charge against Revenue of the Year owing to Expenditure being met from Provincial Balances.		—		—1,077,600		—		—443,300
Total Net Expenditure charged against Revenue. }		46,447,826		47,955,600		49,045,000		48,808,100
Surplus		2,091,854		874,100		1,326,100		774,700

Accounts, 1905-6.

It will be seen from the table that the surplus shown in the final accounts for 1905-6 is £2,091,854; this is greater by £336,154 than the surplus shown in the Revised Estimate published in March 1906.

Revised Estimate, 1906-7.

The Revised Estimate for 1906-7 shews, as compared with the Budget for that year, an increase of £1,541,400 in net revenue, and of £1,089,400 in net expenditure. The surplus is accordingly greater by £452,000.

The improvement of £1,541,400 in the net Revenue is due to the following increases and decreases under the several heads:—*Increases*: Opium, £731,100, Irrigation £340,600, Mint £192,000, Exchange £153,300, Land Revenue £145,900, other heads £343,700. *Decreases*: Customs £178,100, Salt £115,600, Railways £71,500.

The *increase* of £1,089,400 in the net Expenditure is the result of considerable increases and decreases under various heads. The *decreases* occurred under Civil Works £164,000, Military Works and Special Defence Works £136,400, Education £106,400, Collection of Revenue, £105,000, other heads £374,200. There were various minor *increases* amounting to £284,300, but the most important was under Provincial Adjustments. In the Budget for 1906-07 it was assumed that of the total expenditure of the year £1,077,600 would be contributed from Provincial balances. This expectation was not realised. The share of revenue accruing to the Provincial Governments was larger than had been anticipated, their expenditure was less, and in addition large special grants were made to them during the year by the Government of India. Consequently their balances were increased by £613,500, instead of being drawn upon for £1,077,600, so that under the head "Provincial Adjustments" there is a net increase of £1,691,100 in the expenditure charged against the revenue of the year.

Budget, 1907-8.

In preparing the Budget for 1907-8 the Government of India have, with the sanction of the Secretary of State in Council, made provision for the following special measures:—

1. *Reduction of the Salt Tax.*—This tax has been levied at a uniform rate throughout practically the whole of India (except Burma and Aden) since 10th March 1882. The rates in force from that date up to the time of the present remission have been as follows:—

	Per maund of 82½ lbs.
10th March, 1882, to 18th January, 1888 ...	2 rupees.
19th January, 1888, to 17th March, 1903 ...	2½ „
18th March, 1903, to 21st March, 1905 ...	2 „
22nd March, 1905, to 19th March, 1907 ...	1½ „

With effect from 20th March, 1907, the rate has been reduced to 1 rupee per maund. This reduction makes the rate uniform throughout India and Burma, except in regard to salt produced in the small state of Mandi in the Punjab, where the duty will be 3 annas (3d.) per maund.

The cost of this measure is estimated at £1,266,700 a year, but it is anticipated that a portion of the loss will be made up by increased consumption.

2. *Alteration of Postal Rates.*—Since April, 1905, the rates for Inland Letters have been as follows:—

Weight not exceeding ¾ tola (.3 oz.) ...	½ anna (½d.)
1½ tolas (.6 oz.) ...	1 „ (1d.)
Every additional 1½ tolas or fraction thereof ...	1 „ (1d.)

The weight to be carried for a halfpenny is to be raised to 1 tola (.4 oz.) and the weight to be carried for a penny to 3 tolas (1.2 ozs.)

In regard to the Foreign Post, the Government of India have decided to conform to the scale approved at the recent Postal Convention. The weight carried for 1 anna (1d.) within the Empire will

thus be one ounce instead of half an ounce as hitherto. For letters outside the Empire an ounce (instead of half an ounce) will be carried for $2\frac{1}{2}$ annas ($2\frac{1}{2}d.$), and an additional $1\frac{1}{2}d.$ will cover each ounce after the first.

The cost of these reductions, which will take effect from the 1st October, 1907, is estimated at about £146,000 a year.

3. *Grants to Provincial Governments for Expenditure on Police.*—In accordance with the recommendations of a Commission appointed in India to report on the organisation of the Police, it was decided in 1905 to introduce certain changes in the pay, numbers, and grading of the force with a view to increasing its efficiency. In all Provinces in India with which Provincial settlements have been made, the Police charges are borne by the Provincial Governments; and, in order to enable them to defray the cost of part of the proposed improvements, the Government of India provided in the Budget for 1905-6 grants amounting to £333,000, and announced that the amount would be increased in future years so as to enable further reforms to be carried out. In 1906-7 the grants were increased to £500,000. In the Budget for 1907-8 the amount has been raised to £703,000, or more than two-thirds of the total additional annual expenditure in contemplation.

After provision has been made for the measures mentioned above the net revenue and expenditure for 1907-8 are estimated as follows :—

							£
Net Revenue	...	...	...	...	...	...	49,582,800
Net Expenditure	...	...	...	...	...	...	48,808,100
Surplus	...	...	...	...	...	...	774,700

As compared with the Revised Estimate for the previous year these figures shew a decrease of £788,300 in net revenue, and of £236,900 in net expenditure, and accordingly a diminution of £551,400 in the surplus.

The decrease of £788,300 in the net revenue is explained in detail as follows :—

Decreases are anticipated in—		£	£
Salt (owing to reduction of the Salt Tax mentioned above)	...	997,900	
Opium (owing to a reduction in the number of chests to be sold, and in the estimated yield per chest)	...	644,700	
Irrigation (the receipts in 1906-7 having been exceptionally high)	...	229,500	
Mint (the rupee coinage, on which a seigniorage of 2 per cent. is credited to Mint, having been abnormally heavy in 1906-1907)	...	160,100	
Post Office, Exchange, Tributes, and Railways	...	138,200	
Total decreases in revenue	...		2,170,400
Increases are anticipated in—			
Land Revenue (chiefly in the United Provinces, Burma, and Bengal)	...	371,600	
Customs (mainly in duties on rice, spirits, and cotton manufactures)	...	307,000	
Excise	...	304,500	
Stamps	...	144,100	
Telegraph, Forest, Provincial Rates, Assessed Taxes, and Registration	...	254,900	
Total increases in revenue	...		1,382,100
Net decrease of Revenue	...	...	
			788,300

The details of the decrease of £236,900 in the net Expenditure are as follows :—

Increases are anticipated in—		£	£
Charges for Collection of Revenue (chiefly in Land Revenue charges, which include the cost of District Administration)		315,300	
Civil Works (partly owing to special permanent grants made to District and Local Boards in past two years)		308,300	
Police (owing to special grants of £500,000 not having been fully spent in 1906–1907, and to additional grant of £203,000 mentioned above)		268,900	
Education		216,100	
Military Works and Special Defence Works		138,800	
Scientific and Minor Departments		121,200	
Other heads		317,100	
Total increases in Expenditure			1,685,700
Decreases are anticipated in—			
Provincial Adjustments (owing to payments by Provincial Governments from their balances towards the expenditure of the year)		1,056,800	
Army Services (owing to smaller outlay for re-organisation purposes)		429,700	
Debt Services (owing to transfer of interest charges from Ordinary Debt to Public Works Debt)		286,000	
Other heads		150,100	
Total decreases of Expenditure			1,922,600
Net decrease of Expenditure			<u>236,900</u>

Debt.

In 1905–1906 a loan of 4 crores of rupees (£2,666,700) was issued in India at an average price of 98·8 per cent. In England £2,000,000 3 per cent Stock was offered for tender at a minimum price of 97. The average price obtained was £97 18s. 1d. Of the proceeds of this loan £250,000 was used for the discharge of debentures of the Great Indian Peninsula Railway, £500,000 for the purchase of the Bengal Central Railway (on the 30th June, 1905), and the remainder for advances to railway companies and capital expenditure on State railways. As part of the purchase price of the Bombay, Baroda, and Central India Railway, which was acquired by the Secretary of State as from the 31st December, 1905, £10,089,146 India 3 per cent. Stock was created and issued to the Company. The £500,000 sterling bills which were outstanding on the 1st April, 1905, were discharged without replacement.

In 1906–1907 a loan of 4½ crores of rupees (£3,000,000) was issued in India at an average price of 97·3 per cent. In England £2,000,000 3 per cent. Stock was offered for tender at a minimum price of £94 10s. per cent. The average price obtained was £94 16s. 5d. Of the proceeds of this loan £749,900 was used for the discharge of debentures of the Bombay, Baroda, and Central India Railway Company, and the remainder for advances to railway companies.

In the Budget for the current year it was proposed to issue for Public Works expenditure a loan of 3 crores of rupees (£2,000,000) in India, and a loan of £3,500,000 in England. The loan in England was issued early in May, 1907, in the form of India 3½ per cent. Stock, subscribed at a fixed price of £98 10s. per cent. Of the proceeds, £567,000 will be used for the discharge of debentures of the Bombay, Baroda, and Central India Railway Company, and the remainder for capital expenditure on State railways and advances to railway companies.

Railways.

On the 31st of March, 1907, the length of Railways in India open for traffic was 29,571 miles, of which 952 were opened in 1906-7. The mileage under construction or sanctioned for construction was 2,873 miles, of which 520 were sanctioned in 1906-7.

The capital expenditure on Railways shewn in the Accounts for 1905-6 and Estimates for 1906-7 and 1907-8 is as follows :—

	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
Expenditure not charged to Revenue :—	£	£	£
State railways (from money provided by State).	7,922,200	7,934,000	4,565,100
State railways (from money raised through Companies).	1,488,000	—	2,650,000
Old guaranteed Companies	— 825,500	255,900	306,500
Other guaranteed or assisted Companies	463,200	1,589,000	1,562,300
Branch lines on firm guarantee	200	300	2,000
Local Boards	26,700	63,300	40,000
Expenditure charged to Revenue	62,500	9,000	4,400
Total outlay by Government or with Government assistance.	9,137,300	9,851,500	9,130,300
Branch lines not on firm guarantee ...	46,300	56,800	13,900
Total	9,183,600	9,908,300	9,144,200

The net traffic receipts in 1905-6 of open lines in which the Government is directly interested were 5·45 per cent. on the capital cost. Details relating to the several lines will be found on page 29 below.

The Railway Revenue Account shewed in 1905-6 a net receipt of £2,002,000, and in 1906-7 of £2,157,800. In the Budget for 1907-8 the net receipt is taken at £2,149,700. These results are arrived at after charging in the Account not only all interest charges but also the following payments in redemption of capital which are made partly through sinking funds and partly through the annuities created for the purchase of railways, viz. :—

	£
In 1905-6	727,695
In 1906-7	752,041
In 1907-8	777,398

During the year 1906-7 an agreement was made with the Kalka-Simla Railway Company under which the line was purchased by the Secretary of State as from the 1st January, 1906, the purchase price being £300,000.

Notice has been given by the Secretary of State of his intention to purchase the Madras Railway on 31st December, 1907.

Irrigation Works.

The outlay on the construction of Major Irrigation Works incurred during the last two years and estimated to be incurred in the present year is as follows :— 1905-1906, £797,300 ; 1906-1907 (Revised Estimate), £1,135,300 ; 1907-1908 (Budget), £1,265,700. The allotment for 1907-1908 includes grants of £255,000 for the Upper Chenab Canal, £153,300 for the Upper Jhelum Canal, and £401,300 for various protective projects. Of the gross expenditure on minor works, amounting to £941,100 in 1905-1906, £905,400 in 1906-1907 (Revised Estimate), and £1,002,100 in 1907-1908 (Budget), a considerable portion is devoted to the construction of new works ; this expenditure is charged against the revenue of the year in which it is incurred.

The following table shews the total capital expenditure on Major Irrigation Works, and the net receipts :—

	Capital Expenditure to End of the Year, excluding indirect charges.	Net Receipts during the Year (being gross receipts, <i>less</i> working expenses and interest charges).
	£	£
1905-1906	26,648,900	898,600
1906-1907 (Revised Estimate) ...	27,784,100	1,315,800
1907-1908 (Budget)	29,049,800	1,195,900

Liabilities and Assets.

On the 31st of March, 1907, the debt of India amounted to £234,487,975 (viz. :—rupee debt, converted into sterling at 1s. 4d. the rupee, £86,969,341, and sterling debt, £147,518,634). There were also other obligations of the Government of India, including Savings Bank balances, Judicial and Departmental deposits, balances of Service Funds, &c., amounting to £19,017,995.

Up to the same date the Government of India had devoted £103,646,232 to the construction of Railways, and £27,784,100 to the construction of Irrigation Works. It had purchased from guaranteed companies (in some cases by cash payments, in others by annuities,* and in one case by the direct issue of India stock to the company) eight railways, on which, at the time of purchase, £95,687,215 had been spent from capital raised by the companies. It had lent £11,974,977 (net) to Native States, Corporations, Agriculturists, &c., and had advanced £11,078,061 (net) to Railway Companies. Other assets were the Gold Standard Reserve, on account of which £12,518,513 had been invested, and £4,000,000 was held in the form of rupees, the cash balances in India, £10,320,000, and the cash balances in England, £5,606,594.

Exchange and Remittance.

The sale by the Secretary of State in Council of bills and telegraphic transfers on India during the last three years has been as follows :—

	£	
1904-5 ...	24,425,558	at an average rate of 1s. 4·045d. per rupee.
1905-6 ...	31,580,453	" " 1s. 4·0427d. "
1906-7 ...	33,418,715	" " 1s. 4·0837d. "

The sales in 1905-1906 and 1906-1907 include £3,640,000 and £3,820,000, respectively, for telegraphic transfers on India against shipments of sovereigns from Australia and Egypt consigned to the Secretary of State in London.

Gold Standard Reserve.

In accordance with a recommendation made by the Indian Currency Committee, it was decided that, with effect from 1st April, 1900, the net profit from the coinage of rupees should not be treated as revenue, but should be held as a special reserve. This profit amounted to £3,031,294 in 1900-1901, £415,100 in 1901-1902, £264,028 in 1902-1903, £2,627,575 in 1903-1904, £1,790,380 in 1904-1905, £3,488,700 in 1905-1906, and £3,986,700 in 1906-1907. The whole of the profit realised in the years 1900-1901 to 1904-1905, and the greater part of the profit realised in 1905-1906, was remitted to England and

* The annuities now outstanding are :—East Indian Railway Annuity, £1,145,288 (of which £294,750 is deferred under the existing contract for working the line), running to 14th February, 1953; Eastern Bengal Railway Annuity, £116,851, running to 31st July, 1957; Scinde Punjab and Delhi Railway Annuity, £371,361, running to 31st December, 1953; and Great Indian Peninsula Railway Annuity, £1,268,516, to 17th August, 1948.

invested in British Government securities. The interest on the securities has been invested as received. It was decided in 1906–1907 to hold £4,000,000 of the reserve in the form of rupees, to be used, if necessary, for meeting an exceptionally heavy demand by the public for rupees. This decision involved the cessation during 1906–1907 of the purchase of securities, except that the interest on existing investments was applied, as before, to this purpose. The £4,000,000 to be held in rupees has now been accumulated, and the purchase of securities from the profit on coinage has been resumed. The amount invested up to the 31st March, 1907, was £12,518,513, and the securities purchased were as follows :—£7,903,132 $2\frac{1}{2}$ per cent. Consolidated Stock, £1,377,121 National War Loan $2\frac{3}{4}$ per cent. Stock, £500,000 Local Loans 3 per cent. Stock, £1,494,324 Transvaal Government 3 per cent. Guaranteed Stock, £538,720 Guaranteed $2\frac{3}{4}$ per cent. Stock, and £1,500,000 Treasury Bills.

In consequence of the change in the composition of the reserve, its designation has been altered from “Gold Reserve Fund” to “Gold Standard Reserve.”

Home Charges.

The net Expenditure in England chargeable to Revenue was £17,666,232 in 1905–1906, £18,565,400 in the Revised Estimate for 1906–1907, and £17,783,200 in the Budget for 1907–1908. The last-named amount is thus divided :—

	£
Interest and Management of Debt, and payment of Interest and Annuities on account of Railways	9,791,900
Payments in connection with Civil Departments in India ...	301,300
India Office, including Auditor's and Store Departments ...	220,100
Army Effective Charges	752,600
Stores of all kinds charged against revenue	1,526,300
Furlough Allowances	784,000
Non-Effective Charges	4,407,000
Total	17,783,200

Besides this, the outlay on stores, &c., for the construction of State Railways and Irrigation Works was £2,081,254 in 1905–1906, and is estimated at £2,666,100 in 1906–1907, and £3,656,600 in 1907–1908.

Seaborne Trade.

The following figures show the Exports from, and Imports into, India during the last three calendar years :—

	1904.	1905.	1906.
	£	£	£
Exports of Merchandise	107,362,695	105,084,097	113,832,608
Imports „	68,549,860	72,690,832	78,037,217
Net Exports of Merchandise	38,812,835	32,393,265	35,795,391
Net Imports of Gold	5,895,523	3,067,087	7,178,819
Net Imports of Silver	10,552,007	7,489,564	17,747,360
Net Imports of Treasure	16,447,530	10,556,651	24,926,179
Balance : Net Exports	22,365,305	21,836,614	10,869,212

Burden of Taxation.

	Accounts 1905-1906.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
	£	£	£
Salt	4,109,939	4,021,200	3,023,300
Stamps	3,876,326	3,977,500	4,121,600
Excise	5,631,395	5,850,000	6,154,500
Provincial Rates	2,792,257	2,284,800	2,327,400
Customs	4,258,366	4,192,100	4,499,100
Assessed Taxes	1,314,678	1,403,400	1,425,100
Registration	361,135	382,700	390,200
Total	22,344,096	22,111,700	21,941,200
According to the census taken in March, 1901, the population of British India was 231,085,000. On this basis, and allowing for an increase of population at the rate of one-half per cent. per annum, the payment per head, on the assumption that the whole of the taxation, including that on Salt, Excise, and Customs, is paid by the inhabitants of British India, is ...	s. d. 1 10 ³ / ₄	s. d. 1 10 ³ / ₄	s. d. 1 10
If the payment of Land Revenue be added, the average becomes... ..	3 5	3 5 ³ / ₄	3 5 ³ / ₄

JOHN MORLEY.

India Office,
8 May, 1907.

Appendix
I.Notes on
the
main heads
of Net
Revenue
and Ex-
penditure.

APPENDIX I.

Notes on the main heads of Net Revenue and Expenditure.

NET REVENUE.

Land Revenue.

	£
Accounts, 1905-1906	18,129,572
Budget, 1906-1907	19,027,700
Revised Estimate, 1906-1907	19,173,600
Budget, 1907-1908	19,545,200

In 1905-1906 agricultural conditions were unfavourable in parts of Bombay, the Punjab, and the United Provinces, and large amounts of land revenue were remitted or suspended.

The Budget Estimate for 1906-1907 anticipated a marked improvement over the results of 1905-1906, and, although agricultural prospects were not promising at the beginning of the year, this expectation has been fully realised. Except in a few eastern districts harvests have been good over the whole of India. The improvement was greatest in Bombay (£465,700), the United Provinces (£193,100), the Punjab (£186,200), and Madras (£118,200). In Burma, mainly in consequence of floods in some districts, the expansion of the revenue (£58,300) was not so rapid as was expected.

The harvest prospects for 1907-1908 are excellent, and increased collections of land revenue are anticipated in every province except Bombay, where a considerable portion of the amounts suspended in previous years was collected in 1906-1907. The largest increases expected are in the United Provinces (£161,100) and Burma (£159,000).

Forest.

	£
Accounts, 1905-1906... ..	1,775,124
Budget, 1906-1907	1,787,000
Revised Estimate, 1906-1907	1,798,100
Budget, 1907-1908	1,886,700

More than one-third of the total revenue under this head is obtained in Burma. The gross receipts in this province are as follows:—Accounts 1905-1906, £688,700; Revised Estimate, 1906-1907, £666,700; Budget 1907-1908, £720,000.

Tributes.

	Accounts, 1905-1906.	Budget, 1906-1907.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
Receipts	£ 597,430	£ 609,100	£ 614,100	£ 598,500
Assignments and Compensa- tions, and Refunds and Drawbacks.	200,563	197,000	200,600	194,900
Net Revenue	396,867	412,100	413,500	403,600

The most important of the receipts under this head is the tribute of £233,000 from Mysore; the most important of the "assignments and

compensations" is the payment of £167,000 to the Nizam of Hyderabad under the arrangement for the administration of Berar. Appendix I.

Opium.

Notes on
the
main heads
of Net
Revenue
and Ex-
penditure.

	Accounts, 1905-1906.	Budget, 1906-1907.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
Receipts	£ 5,468,780	£ 4,831,100	£ 5,607,700	£ 4,851,100
Charges	1,895,836	1,874,800	1,920,300	1,808,400
Net Receipts	3,572,944	2,956,300	3,687,400	3,042,700

The Opium revenue is collected in different ways in different parts of India. In certain districts of Bengal and the United Provinces the poppy is cultivated under a system of advances by the Government, who manufacture the drug for sale by auction at Calcutta. About seven-eighths of the total revenue is obtained from these sales. The bulk of the remainder is derived from a pass duty levied on each chest of opium despatched from the group of Native states known as Malwa. The opium expenditure consists chiefly of payments to the cultivators in Bengal.

Towards the end of 1905-1906 the prices obtained at the Calcutta sales fell considerably, and in framing the Budget for 1906-1907 the Government of India allowed for a large reduction in the receipts from Bengal opium. The prices realised have, however, exceeded expectation, the average obtained being Rs. 1391 per chest against Rs. 1125 assumed in the Budget. On the other hand, the exports of Malwa opium were even lower than in 1905-1906.

A large reduction is anticipated in the receipts in 1907-1908 because, in view of negotiations with the Chinese Government, the sales of Bengal opium, which were at the rate of 4,400 chests a month during 1906-1907, will be reduced to 4,000 chests a month in July, 1907. It has also been thought prudent to take the average price at a somewhat lower figure than in 1906-1907. On the other hand, the payments to the cultivators will be somewhat less in 1907-1908 in consequence of indifferent reports as to this season's crop and of the restriction of the area to be sown next season in Bengal.

Statistics are appended :—

	Bengal.		Bombay.		Chests of Bengal Opium produced.	Payments to Cultivators, including purchase of Opium.
	Chests sold.	Average price.	Chests of Malwa Opium passed for Export.	Rate of Duty per Chest.		
Accounts, 1904-1905 ...	48,000	Rs. 1,587	18,821	Rs. 500 and 600	50,000	£ 1,795,022
Accounts, 1905-1906 ...	49,200	1,434	14,235	600	55,500	1,720,964
Budget, 1906-1907 ...	52,800	1,125	16,500	600	—	1,690,700
Revised Estimate, 1906- 1907.	52,800	1,391	12,458	600	48,750	1,750,700
Budget, 1907-1908 ...	49,200	1,250	13,292	600	—	1,630,700

Appendix
I.

	<i>Salt.</i>				£
Notes on the main heads of Net Revenue and Ex- penditure.	Net Receipts, 1902-1903	...	...	...	5,931,933
	" " 1903-1904	...	...	...	4,981,704
	" " 1904-1905	...	...	...	5,093,466
	" " 1905-1906	...	...	...	4,109,939
	" " 1906-1907, Revised Estimate...	...	...	...	4,021,200
	" " 1907-1908, Budget	...	...	...	3,023,300

The decreases in 1903-1904, 1905-1906, and 1907-1908 are due to the successive reductions in the rate of duty (*see* page 5 above). These reductions have been followed by a marked increase of consumption. The following figures show the consumption of salt in India, including Burma :—

In 1902-1903	...	...	...	36,663,409	maunds of 82½ lbs.
In 1903-1904	...	...	...	37,592,000	" "
In 1904-1905	...	...	...	39,378,000	" "
In 1905-1906	...	...	...	40,729,000	" "
In 1906-1907	...	...	...	41,500,000	" "
In 1907-1908 (estimated)...	...	...	...	43,400,000.	" "

Stamps.

					£
Accounts, 1905-1906...	...	...	...	...	3,876,326
Budget, 1906-1907	...	...	...	...	3,928,300
Revised Estimate, 1906-1907	...	...	...	...	3,977,500
Budget, 1907-1908	...	...	...	...	4,121,600

About two-thirds of the revenue is derived from court fee stamps and the remainder from commercial and other stamps. The improvement in 1906-1907 was shared by all the provinces except Bombay and the Central Provinces.

Excise.

					£
Accounts, 1905-1906...	...	...	...	...	5,631,395
Budget, 1906-1907	...	...	...	...	5,766,100
Revised Estimate, 1906-1907	...	...	...	...	5,850,000
Budget, 1907-1908	...	...	...	...	6,154,500

The Excise Revenue has been steadily expanding since 1897-1898, when the net receipts were only £3,609,400. In 1906-1907 the increase was greatest in Madras (£92,400), Bengal (£54,800), and Bombay (£42,200). There was a decline of £40,100 in Burma and of about the same amount in the United Provinces. The improvement anticipated in 1907-1908 is shared by all provinces.

Provincial Rates.

					£
Accounts, 1905-1906...	...	...	...	...	2,792,257
Budget, 1906-1907	...	...	...	...	2,257,400
Revised Estimate, 1906-1907	...	...	...	...	2,284,800
Budget, 1907-1908	...	...	...	...	2,327,400

Village service cesses amounting to £547,900 a year were abolished in April, 1906, and the reduction shewn in 1906-1907 is due to this cause.

Customs.

					£
Accounts, 1905-1906...	...	...	...	...	4,258,366
Budget, 1906-1907	...	...	...	...	4,370,200
Revised Estimate, 1906-1907	...	...	...	...	4,192,100
Budget, 1907-1908	...	...	...	...	4,499,100

The gross receipts during the past three years, and the budget figures for the current year, are as follows :—

	Accounts, 1904-1905.	Accounts, 1905-1906.	Budget, 1906-1907.	Revised Estimate, 1906-1907.	Budget, 1907-1908.	Notes on the main heads of Net Revenue and Ex- penditure.
	£	£	£	£	£	
Cotton Manufactures	811,300	886,000	900,000	856,700	900,000	
Excise duty on Cotton Goods ...	158,800	180,400	200,000	183,300	193,300	
Rice (export duty)	879,000	767,400	800,000	680,000	783,300	
Liquors	554,700	649,300	647,300	566,100	668,000	
Silver Bullion and Coin ...	274,100	195,600	200,000	276,700	246,700	
Other Metals and Manufactures of Metals.	230,900	205,200	220,000	228,300	233,300	
Other Manufactured Articles ...	544,000	551,900	566,700	556,700	563,300	
Petroleum	305,900	244,300	243,300	246,700	246,700	
Other Articles	603,100	667,900	686,900	712,600	760,900	
Total	4,361,800	4,348,000	4,464,200	4,307,100	4,595,500	

The most important variations in 1906-1907 and 1907-1908 occur in the receipts from spirits, rice, cotton manufactures, and silver, and are mainly due to the following causes :—

The duty on imported spirits and liqueurs was raised from Rs. 6 to Rs. 7 per proof gallon with effect from the 26th February, 1906, by an Act passed on the 26th January, 1906. The announcement led to large imports and withdrawals from bond for the purpose of obtaining the benefit of the old tariff. Since then there has been a marked falling off in the imports, the decline in the duty realised in 1906-1907 amounting to £82,100. Stocks are now being replenished, and it is estimated that the receipts in 1907-1908 will show an increase of £20,000 over the figures of 1905-1906.

The receipts from the export duty on rice fell by £87,400 in 1906-1907 because a portion of the rice which would ordinarily have been consigned from Burma to foreign ports was diverted to Bengal and Eastern Bengal, where scarcity prevailed. The exports from Bengal were restricted for the same reason. A recovery of £103,300 is anticipated under this head in 1907-1908.

The imports of cotton manufactures have not maintained the exceptionally high figure of 1905-1906 and have yielded £29,300 less than in that year. The revenue from the excise duty on cotton, which is included among the customs receipts, shows a slight increase of £2,900.

There was a heavy demand for silver in 1906-1907, but it is expected that the rise in price will cause some reduction in the receipts from this source in 1907-1908.

<i>Assessed Taxes.</i>				£
Accounts, 1905-1906...	...	...	...	1,314,678
Budget, 1906-1907 ...	...	...	...	1,335,700
Revised Estimate, 1906-1907	...	...	...	1,403,400
Budget, 1907-1908 ...	...	...	...	1,425,100

The receipts shewn under this head are almost entirely derived from Income Tax. The tax is levied on non-agricultural incomes of Rs. 1,000 a year or more at the rate (approximately) of 2 per cent. on incomes from Rs. 1,000 to Rs. 2,000, and 2½ per cent. on incomes of Rs. 2,000 or more.

<i>Registration.</i>				£
Accounts, 1905-1906 ...	...	...	...	361,135
Budget, 1906-1907 ...	...	...	...	353,800
Revised Estimate, 1906-1907	...	...	...	382,700
Budget, 1907-1908 ...	...	...	...	390,200

The receipts are principally derived from fees for registering documents.

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Post Office.

Notes on the main heads of Net Revenue and Expenditure.		Accounts, 1905-1906.	Budget, 1906-1907.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
		£	£	£	£
Receipts		1,651,477	1,727,100	1,765,400	1,795,700
Charges		1,575,936	1,600,900	1,599,300	1,689,800
Net revenue		75,541	126,200	166,100	105,900

In 1907-1908 allowance is made for the alteration of postal rates mentioned on pages 5 and 6. The loss due to this cause between the 1st October, 1907, and the 31st March, 1908, is estimated at £73,300. The additional expenditure in 1907-1908 is due to a revision of establishment and to the growth of the operations of the department.

Telegraph.

	Accounts, 1905-1906.	Budget, 1906-1907.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
	£	£	£	£
Receipts	909,854	938,100	952,500	991,900
Charges	1,076,489	1,155,000	1,135,200	1,080,100
Net charge	166,635	216,900	182,700	88,200

The figures given represent the combined results of the working of the Indian Telegraph Department and the Indo-European Telegraph Department.

The charges include the following amounts for capital outlay, mainly on account of the Indian Telegraph Department :—1905-1906, £387,869 ; 1906-1907 (Revised Estimate), £388,500 ; 1907-1908 (Budget), £287,700.

Railways.

	Accounts, 1905-1906.	Budget, 1906-1907.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
	£	£	£	£
State Railways :—				
Gross Receipts	23,629,545	25,681,900	26,004,600	26,790,900
Working Expenses	11,301,098	12,388,100	12,761,900	13,189,400
Net Traffic Receipts	12,328,447	13,293,800	13,242,700	13,601,500
Surplus Profits paid to Companies, &c.	368,630	395,900	392,900	400,900
Interest charges—				
Interest on capital spent or advanced by the State.	5,338,877	5,943,900	6,012,200	6,268,000
Interest on capital deposited by Companies.	1,315,192	1,469,100	1,422,700	1,515,200
Annuities in purchase of Railways.	2,869,707	2,869,400	2,869,300	2,869,400
Sinking Funds	144,030	148,800	148,800	153,900
Total	10,036,436	10,827,100	10,845,900	11,207,400
Net Receipts	2,292,011	2,466,700	2,396,800	2,394,100
Guaranteed Railways :—				
Net charge to the State	259,893	169,700	212,700	208,300
Miscellaneous charges (net)	30,152	67,700	26,300	36,100
Net Receipts from all Railways.	2,001,966	2,229,300	2,157,800	2,149,700

General.—Before 1899–1900 the Railway Revenue Account always shewed a net charge. The figures from that year onwards are as follows :—

				£	Notes on the main heads of Net Revenue and Expenditure.
1899-1900	...	...	Net receipt	76,756	
1900-1901	...	...	"	325,124	
1901-1902	...	...	"	846,616	
1902-1903	...	...	"	228,949	
1903-1904	...	...	"	860,669	
1904-1905	...	...	"	2,105,438	
1905-1906	...	...	"	2,001,966	
1906-1907	...	...	"	2,157,800	
(Revised Estimate.)					
1907-1908	...	...	"	2,149,700	
(Budget Estimate.)					

State Railways.—The profit derived by the State from the railways arises from the State lines, under which head are included not only the lines worked by the State (of which the most important are the North-Western, Eastern Bengal, and Oudh and Rohilkhand systems), but also lines which, while classified as State railways, are worked by companies, and have in most cases been constructed by companies. Among the most important of the lines included in the latter class are the East Indian, Great Indian Peninsula, Bengal-Nagpur, Bombay, Baroda and Central India (purchased by the Secretary of State on the 31st December, 1905), Indian Midland, Rajputana-Malwa, Assam-Bengal, Southern Mahratta, South Indian, and Burma Railways. For some years the gross receipts of the State lines have been growing rapidly. Excluding, for the purpose of comparison, the receipts of the Great Indian Peninsula Railway, which was purchased by the State in 1900–1901, and of the Bombay, Baroda and Central India Railway, which was purchased on 31st December, 1905, the receipts for 10 years are as follows :—1898–1899, £13,075,980 ; 1899–1900, £14,653,223 ; 1900–1901, £15,170,314 ; 1901–1902, £16,432,994 ; 1902–1903, £16,231,912 ; 1903–1904, £17,519,799 ; 1904–1905, £19,567,323 ; 1905–1906, £19,785,949 ; 1906–1907 (Revised Estimate), £21,237,900 ; 1907–1908 (Budget), £21,857,500.

Including the receipts of the Great Indian Peninsula Railway and of the Bombay, Baroda and Central India Railway, the figures since the 1st April, 1902, are :—

1902–1903.	1903–1904.	1904–1905.	1905–1906.	Revised Estimate, 1906–1907.	Budget Estimate, 1907–1908.
£	£	£	£	£	£
20,205,077	21,697,048	24,134,113	24,550,739	26,018,500	26,790,900

The result of the working of the State Railways in 1906–7 was slightly less favourable than was expected, a considerable expansion of receipts being more than counterbalanced by the increase of expenditure. As compared with 1905–6, the following are the chief variations, apart from those due to the inclusion of the figures of the Bombay, Baroda and Central India Railway. *Gross receipts* : Increases—North Western Railway, £412,600 ; East Indian Railway, £258,000 ; Eastern Bengal and Bengal Central Railways, £243,100 ; Indian Midland Railway, £161,500 ; Bengal-Nagpur Railway, £135,300. Decrease—Great Indian Peninsula Railway, £128,200 (due to unfavourable agricultural conditions in Western India). *Working expenses* : Increases—East Indian Railway, £307,800 ; North Western Railway, £170,900 ; Bengal-Nagpur Railway, £98,900 ; Indian Midland Railway, £81,800 ; Eastern Bengal and Bengal Central Railways, £73,300.

In the Budget Estimate for 1907–8 allowance is made for a further expansion of traffic, for a recovery of the ground temporarily lost by the Great Indian Peninsula Railway, and for the opening of the Nagda-Muttra Railway

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and additional mileage on other lines. But it is expected that the growth of revenue will be counterbalanced by an increase in the working expenses consequent on the increase of traffic and the necessity for renewal of permanent way and rolling stock. The only appreciable decrease in working expenses is on the East Indian and the Rajputana-Malwa Railways. On both these lines the expenditure in the current year on renewal of permanent way and rolling stock has been abnormally heavy.

The annuities shewn among the charges of State railways were created for the purchase by the State of the East Indian, Eastern Bengal, Scinde-Punjab and Delhi, and Great Indian Peninsula railways. The payments include the following amounts in redemption of capital, viz. :—1905–1906, £583,665 ; 1906–1907, £603,241 ; 1907–1908, £623,498.

Guaranteed Railways.—The transactions included under the heading “Guaranteed Railways” are, with slight exceptions, those of the Madras Railway Company (which, as mentioned on page 8, is to be purchased on 31st December, 1907), and (to the 31st December, 1905) the Bombay, Baroda and Central India Railway Company. In the case of the Madras Railway Company the net traffic receipts paid to the Government fall short of the guaranteed interest and “surplus profits” paid by the Government to the Company by the following amounts, viz. :—1905–1906, £155,389 ; 1906–1907 (Revised Estimate), £191,100 ; 1907–1908 (Budget), £177,500.

Irrigation.

	Accounts, 1905–1906.	Budget, 1906–1907.	Revised Estimate, 1906–1907.	Budget, 1907–1908.
MAJOR WORKS :	£	£	£	£
Receipts	2,837,935	3,072,900	3,343,800	3,250,900
Working Expenses	897,823	901,100	950,100	932,100
Interest on Debt	1,041,456	1,079,200	1,077,900	1,122,900
Net Receipts	898,656	1,092,600	1,315,800	1,195,900
MINOR WORKS :				
Receipts	168,728	177,100	187,300	174,400
Expenditure	941,153	1,012,600	905,400	1,002,100
Net Expenditure	772,425	835,500	718,100	827,700
Net Receipts, Major and Minor Works.	126,231	257,100	597,700	368,200

More than two-fifths of the revenue under this head is obtained in the Punjab.

The agricultural conditions in 1906–7 were favourable for an extension of irrigation, especially in the United Provinces and the Punjab, and the net revenue for the year was the highest on record. The gross receipts in the United Provinces were higher by £259,300, and in the Punjab by £230,300, than in the previous year.

The increased expenditure on Minor Works in 1907–8 is mainly due to the provision of a reserve of 10 lakhs (£66,700) to meet special expenditure entailed by recommendations of the Irrigation Commission.

Mint.

	Accounts, 1905–1906.	Budget, 1906–1907.	Revised Estimate, 1906–1907.	Budget, 1907–1908.
Receipts	£ 321,183	£ 201,900	£ 415,700	£ 245,300
Charges	120,079	139,300	161,100	150,800
Net receipts	201,104	62,600	254,600	94,500

The Mints are credited with a seigniorage of 2 per cent. on fresh issues of rupees, to cover the cost of coinage. In 1906-1907 the coinage was exceptionally heavy, and the Mint receipts were accordingly high. The estimate of receipts in 1907-1908 allows for a considerable reduction. Including the re-coinage of withdrawn issues, the coinage of rupees during the last three years has been as follows :—

	Rs.
1904-1905	10,87,84,913
1905-1906	19,59,87,621
1906-1907 (Revised Estimate)...	25,10,00,000

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The net profit on the coinage of rupees is transferred to the Gold Standard Reserve (*see* page 9 above), the transaction being excluded from the Revenue and Expenditure Account and recorded elsewhere under the head "Deposits and Advances."

Exchange.

	£
Accounts, 1905-1906	82,870
Budget, 1906-1907	40,000
Revised Estimate, 1906-1907	193,300
Budget, 1907-1908	133,300

The average rate obtained for bills and telegraphic transfers sold by the Secretary of State for India was 16·0427 pence in 1905-1906 and 16·0837 pence in 1906-1907.

NET EXPENDITURE.

Debt Services.

	Accounts, 1905-1906.	Budget, 1906-1907.	Revised 1906-1907.	Budget, 1907-1908.
	£	£	£	£
Total payments for Interest on Debt ...	7,349,455	7,824,800	7,930,500	7,950,700
<i>Deduct</i> amount chargeable to Railways (<i>included under Railways, page 16</i>).	5,353,212	5,943,900	6,012,200	6,268,000
<i>Deduct</i> amount chargeable to Irrigation (<i>included under Irrigation, page 18</i>).	1,041,456	1,079,200	1,077,900	1,122,900
Interest on Ordinary Debt	954,787	801,700	840,400	559,800
Interest on other Obligations... ..	455,148	477,100	495,200	503,100
Total	1,409,935	1,278,800	1,335,600	1,062,900
Interest Receipts	944,986	853,000	948,800	962,100
Net Interest Payments other than those chargeable to Railways and Irrigation.	464,949	425,800	386,800	100,800

The total debt is classified in the Accounts as (1) Public Works Debt and (2) Ordinary Debt. The amount entered as belonging to the former category is the equivalent of the total capital expenditure which has been incurred by the State on Public Works, and the interest on this sum is charged under Railways and Irrigation (*see* pages 16 and 18 above); the "Ordinary Debt" consists of the remainder of the debt. In any year in which, owing to the use of surplus revenue or deposits for the construction of Public Works, the capital expenditure of the year exceeds the amount of debt incurred in the year, the effect of this system of classification is to cause a decrease to be shown in the amount of the Ordinary Debt and of the interest thereon. The figures in the table above show a decrease due to this cause.

The large increase in 1906-1907 in the total payments, and in the amount chargeable to railways, is chiefly due to the inclusion of the charge for interest on the stock created for the purchase of the Bombay, Baroda and Central India

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Railway, and on the obligations of the Company for which the liability was assumed by the Secretary of State in Council from the date of purchase. The interest charges so included since the 31st December, 1905, when the line was purchased by the Secretary of State, are as follows :—1905-1906, £21,593 ; 1906-1907 (Revised Estimate), £385,300 ; 1907-1908 (Budget), £382,300.

The most important of the "other obligations" referred to in the table above are the Savings Banks Balances and the Service Funds and other special funds held by the Government of India.

The amount of the debt and other obligations is shewn on page 9 above.

The receipts shewn in the table include the interest received in India on loans granted by the Government to Native States, Municipalities, Port Trusts, Railway Companies, &c., and in England on the balances of the Secretary of State in Council. They also include the interest, in India and England, on the invested portion (now £8,000,000) of the Paper Currency Reserve.

ARMY.

Net Army Charges in India.

	Accounts, 1905-1906.	Budget, 1906-1907.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
NET CHARGES IN INDIA.				
Effective Services :—	£	£	£	£
Army and Garrison and Ad- ministrative Staff.	558,622	566,900	570,400	575,000
Regimental Pay, Allowances and Charges.	6,796,817	7,114,600	6,928,900	7,167,500
Supply and Transport... ..	2,691,068	2,811,500	2,935,900	2,961,000
Medical Establishments, Sup- plies and Services.	559,234	578,700	556,500	564,100
Ordnance Establishments, Stores and Camp Equipage.	700,476	804,600	708,600	878,700
Miscellaneous Services ...	231,695	122,100	179,100	184,300
Other Effective Services ...	849,077	897,100	1,004,300	1,002,800
Total Effective Services ...	12,386,989	12,895,500	12,883,700	13,333,400
Non-effective Charges	592,568	587,200	581,400	586,400
Reorganization	458,498	(a)	(a)	(a)
Total, India	13,438,055	13,482,700	13,465,100	13,919,800

(a) "Reorganization" charges included under "Effective Services."

Net Army Charges in England.

	Accounts, 1905-1906.	Budget, 1906-1907.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
Effective Services :—				
Charges—	£	£	£	£
Payments to War Office for British Forces in India.	565,720	650,000	670,500	667,500
Furlough Allowances	422,140	400,000	466,000	429,000
Indian Troop Service and Passage of Officers.	320,660	334,000	370,800	362,500
Miscellaneous	44,065	35,000	38,400	42,400
Stores	714,080	1,780,300	1,653,300	794,000
Total	2,066,665	3,199,300	3,199,000	2,295,400

Net Army Charges in England—continued.

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	Accounts, 1905-1906.	Budget, 1906-1907.	Revised Estimate, 1906-1907.	Budget, 1907-1908.	Notes on the main heads of Net Revenue and Ex- penditure.
Effective Services—continued.					
Receipts—					
Contribution of Imperial Government towards Transport Charges.	130,000	130,000	130,000	130,000	
Contribution of Imperial Government towards Military Charges for Aden.	100,000	100,000	100,000	100,000	
Payment by Imperial Government (on capitation basis) for Indian Native Regiments serving in the Colonies.	175,000	—	85,000	90,000	
Transfer and Sale of Stores, Recoveries, &c.	85,432	43,300	33,800	40,100	
Total	490,432	273,300	348,800	360,100	
Net Charge for Effective Services ...	1,576,233	2,926,000	2,850,200	1,935,300	
Non-effective Charges (net) ...	2,347,579	2,373,500	2,401,500	2,432,000	
Reorganization	715,567	(a)	(a)	(a)	
Total, England	4,639,379	5,299,500	5,251,700	4,367,300	
Grand Total	18,077,434	18,782,200	18,716,800	18,287,100	

(a) "Reorganization" charges included under "Effective Services."

It will be seen from the table above that in the Revised Estimate for 1906-7 the net expenditure on the Army is higher by £639,366 than in the Accounts for 1905-6; while the amount provided in the Budget for 1907-8 is less by £429,700 than that shewn in the Revised Estimate. The chief variations occur in the expenditure on measures for improving the efficiency of the Army, to which reference was made in the Financial Statement of the Government of India, published in March, 1905. The bulk of this expenditure is brought to account under the head "Army," the remainder being included under "Military Works," "Special Defences," and "Marine."

In the following table the figures relating to the Army in the Estimates for 1906-7 and 1907-8 are analysed so as to shew separately the Ordinary Expenditure and the Special Expenditure, the latter division including the outlay on the measures originally included in the scheme for the improvement of the Army and on some other similar measures.

	Budget, 1906-1907.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
Ordinary Expenditure :—			
India	£ 13,430,100	£ 13,469,600	£ 13,556,400
England	4,558,000	4,681,200	4,635,600
Total	17,988,100	18,150,800	18,192,000
Special Expenditure :—			
India	813,800	732,500	1,037,100
England	1,044,800	948,800	121,800
Total	1,858,600	1,681,300	1,158,900
Total Expenditure	19,846,700	19,832,100	19,350,900
Deduct Receipts	1,064,500	1,115,300	1,063,800
Net Charges	18,782,200	18,716,800	18,287,100

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In the Budget for 1906-7 the total grant for Special Military Expenditure (including the sums provided under "Military Works," "Marine," and "Special Defences," as well as provision under "Army") amounted to £2,766,700 (£2,166,700 + £600,000 for amounts un-expended in the preceding year). In 1907-8 the new grant has been reduced from £2,166,700 to £1,666,700. To this is added £316,700 on account of lapses in 1906-7, making £1,983,400 in all. It will be seen that the greater part of the reduction in 1907-8 occurs in the portion of the grant provided under "Army." Among the objects to which it is proposed to devote this portion are:—*Measures already in progress*: Re-organization of Horse and Field Artillery batteries and of Ammunition Columns; increase in reserves of artillery and small-arms ammunition; addition of officers to the Indian Army. *New measures*: Reorganization of Mountain and Heavy Artillery; raising of two additional Indian Mountain Batteries; raising of an additional Indian cavalry regiment from a nucleus of two irregular squadrons; supply of telephone equipment.

Military Works.

	£
Accounts, 1905-1906	1,045,599
Budget, 1906-1907	1,122,100
Revised Estimate, 1906-1907	1,075,900
Budget, 1907-1908	1,210,300

The Budget includes a provision of £592,000 for Special Expenditure, chiefly on buildings, acquisition of land, and outlay in connection with the redistribution of the Army.

Special Defence Works.

	£
Accounts, 1905-1906	146,306
Budget, 1906-1907	231,500
Revised Estimate, 1906-1907	141,300
Budget, 1907-1908	145,700

This expenditure is for a scheme of special coast defences begun in 1903-4. The whole of the outlay is met from the grant for "Special" Military Expenditure.

Collection of Revenue.

	Accounts, 1905-1906.	Budget, 1906-1907.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
	£	£	£	£
Land Revenue	3,335,910	3,473,000	3,421,300	3,572,400
Forest	954,818	985,500	981,100	1,070,900
Salt	363,166	372,500	362,900	370,700
Stamps	128,164	207,700	186,500	191,200
Excise	258,116	291,500	273,600	314,900
Provincial Rates	37,211	40,100	33,400	32,200
Customs	182,459	191,500	197,500	207,500
Assessed Taxes	22,626	23,200	24,000	24,300
Registration	187,613	197,900	197,600	209,100
Total	£ 5,470,083	5,782,900	5,677,900	5,993,200

The variations under Land Revenue occur mainly in connection with Survey and Settlement operations and with changes in Provincial and Village establishments.

The charges for Forest conservancy, &c., increase with the work of the Department and the growth of the gross revenue.

The increase under Stamps in 1906–1907 is due to the introduction of a unified Postal and Revenue stamp; the cost of all stamps is now included under the head “Stamps,” whereas formerly the cost of Postal and Telegraph stamps was charged to “Post Office” and “Telegraph.”

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Civil Departments.

	£
Accounts, 1905–1906	11,707,890
Budget, 1906–1907	12,749,400
Revised Estimate, 1906–1907	12,692,500
Budget, 1907–1908	13,296,100

The following table shews the charges for the several departments :—

	Accounts, 1905–1906.	Budget, 1906–1907.	Revised Estimate, 1906–1907.	Budget, 1907–1908.
	£	£	£	£
General Administration ..	1,593,584	1,555,100	1,597,000	1,672,800
Law Courts and Jails ...	2,672,176	2,764,400	2,842,400	2,816,100
Police	3,038,896	3,451,400	3,373,300	3,642,200
Marine	392,733	463,700	500,900	462,200
Education ..	1,426,137	1,692,900	1,586,500	1,802,600
Ecclesiastical	121,371	124,700	123,900	131,900
Medical	961,098	1,036,000	1,032,600	1,089,700
Political	943,440	953,800	1,013,200	934,700
Scientific and Minor Departments.	558,455	707,400	622,700	743,900
Total	11,707,890	12,749,400	12,692,500	13,296,100

The chief variations occur in the expenditure on Police, Education, and Minor Departments.

In April, 1905, the Government of India made permanent annual grants to the Provincial Governments of £333,000 a year for Police Reform, £233,000 for Education, and £133,000 for the development of agricultural research and instruction, and in the Budget for 1906–7 these grants were increased to £500,000, £266,700, and £160,000 a year, respectively. A portion of these grants has been devoted to the construction of buildings, of which the cost is entered under “Civil Works,” and it has not yet been possible to utilise fully the remaining portion owing to delay in the initiation of some of the measures contemplated. As a consequence, the charges shewn in the Revised Estimate for 1906–7 under Police, Education, and Scientific and Minor Departments, are considerably less than in the Budget.

The Budget for 1907–8 includes provision for a further increase of the grant from Imperial revenues for Police Reform to £703,000 a year.

The Marine charges include expenditure of £125,900 in 1906–7 and £86,800 in 1907–8 on new vessels for the Royal Indian Marine. This outlay has been charged to the grant for Special Military Expenditure.

Appendix
1.*Miscellaneous Civil Charges.*

					£
Notes on the main heads of Net Revenue and Ex- penditure.	Accounts, 1905-6	...	...	...	3,636,580
	Budget, 1906-7	...	...	...	3,712,800
	Revised Estimate, 1906-7	...	...	...	3,677,800
	Budget, 1907-8	...	...	...	3,847,400

The expenditure under this head includes Territorial and Political Pensions, Furlough and Absentee Allowances, Superannuation Allowances and Pensions, Stationery and Printing, and other miscellaneous charges. The most important figures are those relating to Civil Superannuation Allowances and Pensions, the net charge for which is as follows:—

	India.	England.	Total.
	£	£	£
1905-6	799,791	1,948,404	2,748,195
1906-7 (Revised Estimate)	832,000	1,965,200	2,797,200
1907-8 (Budget)	870,600	1,975,000	2,845,600

Famine Relief and Insurance.

	Accounts, 1905-6.	Budget, 1906-7.	Revised Estimate, 1906-7.	Budget, 1907-8.
	£	£	£	£
Famine Relief	135,887	539,100	312,600	60,300
Protective Railways...	55,278	6,700	5,300	2,300
Protective Irrigation Works	296,573	441,000	350,600	466,700
Reduction or avoidance of Debt	512,262	13,200	313,500	470,700
Total	1,000,000	1,000,000	1,000,000	1,000,000

A sum of not less than £1,000,000 is annually appropriated for the purposes of Famine Relief and Insurance. When the outlay on direct famine relief is less than this sum, the balance is used (1) for the construction or maintenance of protective railways and irrigation works, and (2) for the construction of ordinary public works, which would otherwise require additional borrowing. The amount used for the last mentioned purpose is shown under the head of "Reduction or Avoidance of Debt."

Hitherto the expenditure on direct Famine Relief has been borne by the province or provinces visited by famine. A new system has been introduced, with effect from 1st April, 1907, under which such expenditure will in future be borne partly, if not entirely, by Imperial Revenues. The principle of the scheme is to enable each Local Government whose Province is liable to famine to build up gradually a fund, to be held to its credit by the Imperial Government, on which it will be at liberty to draw when it becomes necessary to incur expenditure on famine relief. For this purpose the Local Governments in question will annually be credited with a fixed sum, determined with reference to, but not in exact proportion to, the average expenditure incurred by them on famine relief during the past 25 years. The amounts assigned are as follows:—Madras, £16,700; Bombay, £91,300; Bengal, £17,300; United Provinces, £30,000; Punjab, £9,300; Central Provinces, £85,300. When famine occurs, the Local Government will be entitled to draw upon the amount standing to its

credit to meet its famine expenditure, and charges thus incurred will be shewn in the accounts of the Government of India as Imperial expenditure. In the event of the amount at credit being exhausted owing to widespread or severe famine, any further expenditure on famine relief will be shared between the Imperial and the Local Government, either equally or in such proportions as may be determined when the circumstances arise.* In addition to making these arrangements for the future the Government of India have allotted special grants to the United Provinces and Bombay of £189,000 and £82,100 respectively to cover the expenditure on famine which the Government of these Provinces incurred in 1905-6 and 1906-7.

Appendix
I.
Notes on
the
main heads
of Net
Revenue
and Ex-
penditure.

Of the total outlay on Protective Irrigation Works in 1907-8, £174,700 is expected to occur in the United Provinces, £103,500 in Bombay, and £93,300 in the Central Provinces.

Civil Works (including construction of railways charged to Provincial or Local revenues).

	£
Accounts, 1905-6	4,874,991
Budget, 1906-7	5,226,500
Revised Estimate, 1906-7	5,062,500
Budget, 1907-8	5,370,800

In April 1905 permanent grants of £377,000 a year were made by the Government of India to District and Local Boards in aid of their expenditure on roads, buildings, hospitals, schools, water supply, sanitation, &c., and a further grant of £38,800 a year was made in April 1906. Moreover a portion of the permanent grants made to the Provincial Governments for expenditure on Police Reform, Education, and Agricultural development and research (see above under "Civil Departments") has been devoted to the construction of buildings, and the money so spent goes to increase the charges under this head.

The increase of expenditure provided for in 1907-8 is partly attributable to more prosperous conditions, and partly to the fact that the special grants referred to have not as yet been fully utilised. The net amount provided from Local resources is £1,386,900, being an increase of £138,500 as compared with the amount shown in the Revised Estimate for 1906-7.

Provincial Adjustments.

	Provincial Surpluses (which are added to the Provincial Balances and charged against the Revenue of the Year).	Provincial Deficits (i.e., Contributions from Provincial Balances in reduction of the amount to be charged against the Revenue of the Year).
	£	£
Accounts, 1905-1906	23,994	—
Budget, 1906-1907	—	1,077,600
Revised Estimate, 1906-1907	613,500	—
Budget, 1907-1908	—	443,300

In the Budget for 1906-7 it was anticipated that the share of the revenue of the year to be credited to the Provincial Governments in accordance with the system of financial decentralisation in force in India, would amount (including certain special grants made by the Government of India at the beginning of the year) to £23,257,600, and that the share of the expenditure of the year chargeable to the Provincial Governments would be £24,335,200, of which £1,077,600, being the excess of Provincial expenditure over Provincial revenue, would be met from the balances of the Provincial Governments, instead of being charged against the revenue of the year.

Appendix
I.

During the year, however, the Government of India made the following additional grants to the Provincial Governments :—

Notes on the main heads of Net Revenue and Ex- penditure.					£
	(1)	To Burma, in connection with the introduction of a new "Provincial Settlement"	...	...	333,300
	(2)	To Bengal, and Eastern Bengal and Assam, in modification of their Provincial Settlements	...	...	56,700
	(3)	To the United Provinces and Bombay, in repayment of their famine expenditure during 1905-06 and 1906-07 (<i>see</i> page 25 above)	...	...	271,100
	(4)	To various provinces for expenditure on education, irrigation works, and archæology	...	...	67,900
					<u>£729,000</u>

Owing mainly to these grants, the revenue credited to the Provincial Governments in the year was £24,389,000. On the other hand the Provincial expenditure of the year was only £23,775,500. Thus the Provincial Governments, instead of providing from their balances £1,057,600 towards the expenditure of the year, added £613,500 to their balances, this amount being charged against the revenue of the year.

In 1907-8 it is assumed that the Provincial Balances will contribute £443,300 towards the expenditure of the year.

The new Provincial Settlement with Burma completes the series of "quasi-permanent settlements" which have recently been introduced for the purpose of regulating on a more permanent basis the financial relations between the Government of India and the Provincial Governments. Formerly the provincial settlements were revised at the end of every five years. Under the new scheme no period of revision is fixed, and it is intended that the arrangements now introduced into the various Provinces shall, as far as possible, be permanent, though the Government of India necessarily reserves to itself the power to revise the settlement of any or all Provinces whenever necessity may demand it.

APPENDIX II.

HOME CHARGES.

Appendix
II.
Home
Charges.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
	£	£	£
Interest and Management of Debt (excluding Interest charged in Railway Revenue Account)	2,793,333	2,875,000	2,966,000
Railway Revenue Account	6,755,875	6,742,200	6,825,900
Civil Administration :			
Payments on account of Departments in India, passage, outfit, &c. ..	46,440	46,200	49,915
Postal Subsidy	61,236	61,200	61,200
Telegraph: Red Sea Company's Annuity	18,027	18,000	18,000
" Indo-European	18,321	40,600	30,600
" Joint Purse Guarantee	17,545	4,300	8,000
Public Works: Civil Engineering College	4,289	4,600	1,500
" Other Charges	4,563	3,000	7,500
Marine: His Majesty's ships in Indian Seas	100,072	100,100	100,100
" Indian Government Defence Vessels	- 10,884	—	—
" Other Charges	2,006	2,600	2,500
Indian Civil Service: Allowances to Candidates, Examinations, &c. ..	8,368	12,200	14,485
Lunatics: Maintenance	1,618	1,700	1,700
Political Charges: Persian Mission and Minor Consulates	- 1,706	- 5,800	- 7,000
" Pensions: Territorial and Political	11,117	10,500	10,500
" Other Charges	3,070	2,600	2,300
India Office: Salaries of Establishment	133,982	136,500	139,900
" Auditor's Department	6,805	6,700	6,900
" Store Department	26,008	24,300	24,100
" India Store Depot—additions to building	—	—	25,000
" Stationery, Postage, Telegrams, and other Charges	23,549	23,200	24,200
Army, Effective: Home Charges of British Forces serving in India (including receipt on account of Aden)	477,525	585,800	581,500
" " Troop Service and Transport (including receipt from War Office)	151,766	225,200	219,500
" " Receipt on account of Indian Native Regiments lent for service in the Colonies	- 175,000	- 85,000	- 90,000
" " Other Charges	43,510	37,700	41,600
Stores: Civil and Public Works	340,440	411,200	366,900
" Telegraph	252,180	250,000	186,000
" Marine	148,021	233,000	152,900
" Military	668,097	1,635,800	767,700
" Reorganisation	715,567	Included in previous item.	
" Special Defences (1902)	71,053	48,000	20,000
" Miscellaneous Charges	- 38,243	- 2,100	8,800
Furlough: Civil and Marine	234,473	250,200	320,000
" Military	410,335	450,700	415,000
" Telegraph and Public Works	46,901	48,500	49,000
Non-Effective Charges: Civil and Marine	1,367,485	1,391,000	1,400,900
" Military	2,928,498	2,975,700	3,006,100
Total	17,666,232	18,565,400	17,783,200

The Expenditure in England not charged on the Revenues of the year is as follows :—

Expenditure.	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget 1907-1908.
	£	£	£
Capital outlay on construction of State Railways	2,049,305	2,593,100	3,626,600
" " on Irrigation Works	31,949	73,000	30,000
Total	2,081,254	2,666,100	3,656,600

Appendix
III.

Railways.

APPENDIX III.

RAILWAYS : MILEAGE AND TRAFFIC.

Length of railways open in India on
31st March, 1905 27,727·68 miles.

Length of railways open in India on
31st March, 1906 28,619·48 „

Additional mileage opened in
1906-1907:—

East Indian	...	...	...	207·59 miles
Tirhoot	...	...	...	162·65 „
North-Western	...	...	...	158·64 „
Bengal and North-Western	...	...	...	92·14 „
Azikhah-Mangalore	...	...	...	77·27 „
Oudh and Rohilkhand	...	...	...	58·18 „
Barsi Light Railway	...	...	...	50·57 „
Great Indian Peninsula	...	...	...	37·59 „
Bengal-Nagpur	...	...	...	27·61 „
Amritsar-Patti	...	...	...	27·49 „
Jubbulpore-Gondia Extension	...	...	...	12·84 „
Matheram	...	...	...	12·61 „
South Indian	...	...	...	6·95 „
Hospet-Kottur	...	...	...	4·96 „
Sangli	...	...	...	4·44 „
Tanjore District Board	...	...	...	3·90 „
Mymensingh Jamalpur Jagan- nathganj	...	...	...	2·53 „
Eastern Bengal	...	...	...	2·25 „
Madras (North-east Line)	...	...	...	·85 „
Raipur-Dhamtari	...	...	...	·78 „

Total 951·84 „

Length of railways open in India on
31st March, 1907 29,571·32 miles.

	1904.	1905.	1906.
Number of passengers carried	227,097,000	248,157,000	274,742,000
Tons of goods carried	52,051,000	54,936,000	60,955,000

RAILWAYS : CAPITAL OUTLAY AND NET TRAFFIC RECEIPTS.

Appendix
III.

(The Capital at charge for each line on 31st March, 1906, is calculated by deducting from the total capital outlay up to 31st March, 1906, half the outlay in 1905-1906.)

Railways.

		Capital at Charge, March 31st, 1906.	Net Receipts, 1905-1906.	Percentage of Net Receipts on Capital Outlay.
		£	£	
Guaranteed	Madras	12,455,473	425,554	3.42
State	East Indian	42,794,873	3,382,712	7.91
	Bellary-Rayadrug	44,677	— 208	—
	Rajputana-Malwa	10,536,783	1,042,187	9.89
	Bhopal	213,443	11,154	5.23
	Palampur-Deesa	15,838	1,004	6.34
	Bengal-Nagpur	18,952,634	936,887	4.94
	Warora Colliery	89,815	13,997	15.58
	Burma	8,757,725	411,197	4.69
	Assam-Bengal	8,398,421	16,432	.19
	Jorhat	60,538	839	1.38
	Eastern Bengal	12,397,063	636,818	5.14
	Hospet-Kottur	89,182	— 181	—
	Kalka-Simla	389,077	4,518	1.16
	Bombay, Baroda and Central India ...	10,450,669	683,837	6.54
	Morappur-Dharmapuri	45,954	— 57	—
	Tirhoot	3,596,283	245,454	6.81
	Oudh and Rohilkhand	13,237,346	477,877	3.61
	Agra Delhi Chord	796,414	27,975	3.51
	Indian Midland	8,716,096	287,024	3.29
	Tirrupattur-Krishnagiri	63,943	— 159	—
	Lucknow-Bareilly Section	812,787	62,178	7.65
	Hardwar-Dehra	180,118	10,641	5.91
	North Western	40,157,119	1,791,716	4.46
	South Indian	7,045,292	433,843	6.16
	North East Line, Madras Railway ...	4,327,941	179,845	4.15
	Nilgiri	241,740	3,265	1.35
	Bezwada Extension	78,596	13,615	17.32
	Guntakal-Mysore Frontier	394,720	22,550	5.71
	Mysore	1,199,124	49,633	4.14
	Mayavaram-Mutupet	314,024	17,469	5.56
	Tinnevely-Quilon (British Section)...	289,872	16,448	5.68
	Great Indian Peninsula	28,683,397	1,857,594	6.48
	Southern Mahratta	8,049,485	206,815	2.57
	Jodhpur - Hyderabad (British Section).	264,919	30,281	11.43
		241,141,381	13,300,784	5.45
Unopened lines, stores, &c.	...	5,546,243		
Private Companies:—		249,687,624	13,300,784	5.33
Government pay- ments.	...	1,799,182		
		251,486,806		

Appendix
IV.
Irrigation
Works.

APPENDIX IV.

MAJOR IRRIGATION WORKS : CAPITAL OUTLAY AND NET EARNINGS.

	Capital Outlay to end of 1905-1906.	Net Earnings (being gross receipts less working expenses).	Percentage of net Earnings on Capital Outlay.
Bengal :—	£	£	
Orissa Project	1,734,538	7,169	·41
Midnapore	553,589	4,509	·81
Sone	1,720,606	61,387	3·56
United Provinces :—			
Ganges	1,943,669	168,711	8·68
Lower Ganges	2,293,455	105,582	4·60
Agra	654,657	15,454	2·36
Eastern Jumna	303,354	61,587	20·30
Betwa	342,429	4,079	1·19
Punjab and N.W. Frontier Province :—			
Western Jumna	1,099,741	115,082	10·46
Bari-Doab	1,284,578	154,730	12·05
Sirhind	1,576,625	122,533	7·76
Lower Chenab	1,835,075	399,214	21·76
Lower Jhelam	974,175	13,287	1·36
Swat River	268,797	26,959	10·03
Madras :—			
Godavari Delta	797,842	185,766	23·28
Kistna Delta	960,455	157,000	16·35
Pennér Anicut	366,522	22,674	6·18
Kurnool-Kuddapah	1,455,806	7,934	·54
Periyar Project	610,815	26,029	4·26
Rushikulya Project	308,839	3,921	1·27
Bombay :—			
E. Nara Works	427,769	38,279	8·95
Mutha	462,050	17,957	3·88
Jamrao	529,549	40,739	7·69
Nira	358,658	6,154	1·72
Burma :—			
Mandalay	336,191	8,073	2·40
Other Works	3,449,043	165,303	4·79
Total	26,648,857	1,940,112	7·28

APPENDIX V.

Appendix
V.
Trade
Tables.

TRADE TABLES.

SEA-BORNE TRADE :—

- I.—General Summary.
- II.—Imports and Exports of Merchandise : Summary distinguishing Govern-
ment transactions from transactions on Private Account.
- III.—Movements of Treasure.
- IV.—Analysis of Imports of Merchandise, shewing the principal articles
separately.
- V.—Analysis of Exports of Merchandise, shewing the principal articles
separately.

I.—Summary of Sea-borne Trade.

	1904.	1905.	1906.
	£	£	£
Imports :—			
Merchandise	68,549,860	72,690,832	78,037,217
Treasure	29,968,558	20,300,961	30,953,930
Total	98,518,418	92,991,793	108,991,147
Exports :—			
Merchandise :—			
Indian Produce	105,100,358	102,764,212	111,422,516
Re-exports	2,262,337	2,319,835	2,410,092
Total	107,362,695	105,084,097	113,832,608
Treasure	13,521,028	9,744,310	6,027,751
Total	120,883,723	114,828,407	119,860,359
Total Imports and Exports	219,402,141	207,820,200	228,851,506
Net Exports... ..	22,365,305	21,836,614	10,869,212

Appendix II.—*Sea-borne Trade—Imports and Exports of Merchandise: Summary distinguishing Government Transactions from Transactions on Private Account.*

Trade
Tables.

	1904.	1905.	1906.
	£	£	£
Imports of Merchandise :—			
Private	63,662,006	66,556,982	72,000,117
Government	4,887,854	6,133,850	6,037,100
Total Imports	68,549,860	72,690,832	78,037,217
Exports of Merchandise :—			
Private	107,183,716	104,989,128	113,764,765
Government	178,979	94,969	67,843
Total Exports	107,362,695	105,084,097	113,832,608
Net Exports, Private	43,521,710	38,432,146	41,764,648
Net Imports, Government	4,708,875	6,038,881	5,969,257

III.—*Sea-borne Trade—Movements of Treasure.*

	1904.	1905.	1906.
	£	£	£
Gold :—			
Net Imports on Private Account	13,008,524	9,563,086	8,147,967
Net Imports on Government Account	7,113,001	6,495,999	969,148
Total Net Imports	5,895,523	3,067,087	7,178,819
Silver :—			
Net Imports on Private Account	4,757,765	3,741,045	4,242,077
Net Imports on Government Account	5,794,242	3,748,519	13,505,283
Total Net Imports	10,552,007	7,489,564	17,747,360
Total Net Imports of Treasure	16,447,530	10,556,651	24,926,179

IV.—*Sea-borne Trade—Analysis of Imports of Merchandise, shewing the principal articles separately.*

Appendix
V.
Trade
Tables.

	1904.	1905.	1906.
	£	£	£
<i>A. On Private Account—</i>			
1. Live Animals	332,569	369,609	299,076
2. Articles of Food and Drink :—			
Liquors	1,236,236	1,311,417	1,261,564
Provisions :—			
From United Kingdom...	560,812	602,565	625,509
From elsewhere	883,355	973,894	976,772
Total	1,444,167	1,576,459	1,602,281
Salt	471,095	417,997	487,716
Spices	617,669	725,428	932,371
Sugar (Refined) :—			
From United Kingdom...	107,479	137,671	153,173
From Mauritius	1,550,329	1,348,652	1,174,440
From Austria-Hungary and Germany ...	1,013,345	892,410	3,089,707
From Java	1,183,363	1,158,751	1,223,519
From elsewhere	509,816	580,598	293,217
Unrefined Sugar, Molasses, and Confectionery	174,830	301,063	626,440
Total	4,539,162	4,419,145	6,560,496
Other articles	261,706	279,673	550,622
Total value of articles of Food and Drink ...	8,570,035	8,730,119	11,395,050
3. Metals and Manufactures of Metals :—			
Hardware and Cutlery :—			
From United Kingdom	1,044,984	1,030,511	1,159,624
From Germany	193,844	203,986	272,373
From elsewhere	350,972	271,513	305,894
Total	1,589,800	1,506,010	1,737,891

Appendix
V.
Trade
Tables.

IV.—*Sea-borne Trade—Analysis of Imports of Merchandise, shewing the principal articles separately—cont.*

						1904.	1905.	1906.
A. <i>On Private Account—cont.</i>								
3. Metals and Manufactures of Metals— <i>cont.</i>						£	£	£
Machinery and Millwork :—								
From United Kingdom	...	...	...	...	...	2,563,165	2,832,287	3,591,273
From elsewhere	...	...	...	...	...	136,088	136,425	150,906
Total...	...	...	...	...	...	2,699,253	2,968,712	3,742,179
Iron and Steel	...	...	...	...	...	4,314,478	4,023,132	4,898,982
Copper	...	...	...	...	...	1,712,896	1,027,447	816,268
Other Metals	...	..	...	...	...	742,259	653,207	700,402
Railway Plant (other than Government Stores)						878,429	1,152,393	2,235,268
Total value of Metals and Manufactures of Metals.						11,937,115	11,330,901	14,130,990
4. Chemicals, Drugs, Medicines, Narcotics, Dyeing and Tanning Materials.						1,803,956	2,004,154	2,013,722
5. Oils						2,333,126	1,907,449	1,690,071
6. Raw materials and unmanufactured articles :—								
Jewellery	...	...	...	...	...	589,679	853,100	696,600
Silk	...	...	...	..	...	508,039	468,377	414,467
Other articles	...	...	...	...	...	1,500,994	2,042,528	1,819,626
Total	...	...	...	...	...	2,598,712	3,364,005	2,930,693
7. Articles manufactured and partly manufactured :—								
Cotton	...	...	...	...	...	24,690,046	27,263,116	27,759,983
Silk	...	...	...	...	...	1,400,420	1,326,762	1,245,247
Wool	...	...	...	...	...	2,051,855	1,667,393	1,334,110
Apparel (excluding hosiery and boots):—								
From the United Kingdom	...	...	...	...	...	594,665	638,741	591,621
From elsewhere	..	...	..	..	..	685,216	617,649	596,420
Total...	...	...	...	..	..	1,279,881	1,256,390	1,188,041

IV.—*Sea-borne Trade—Analysis of Imports of Merchandise, shewing the principal articles separately—cont.* Appendix V.

	1904.	1905.	1906.	Trade Tables.
<i>A. On Private Account—cont.</i>	£	£	£	
7. Articles manufactured and partly manufactured— <i>cont.</i>				
Glass and Glassware :—				
From the United Kingdom	104,804	109,418	111,434	
From Austria-Hungary... ..	334,906	258,146	254,495	
From elsewhere	296,814	385,351	419,079	
Total	736,524	752,915	785,008	
Other articles	5,927,767	6,584,169	7,128,126	
Total value of articles manufactured and partly manufactured.	36,086,493	38,850,745	39,540,515	
Total value of Imports of Merchandise on Private Account.	63,662,006	66,556,982	72,000,117	
B. Government Stores	4,887,854	6,133,850	6,037,100	
Grand Total, Imports of Merchandise ...	68,549,860	72,690,832	78,037,217	

V.—*Sea-borne Trade—Analysis of Exports of Merchandise, shewing the principal articles separately.*

	1904.	1905.	1906.
<i>A. Indian Merchandise exported on Private Account.</i>	£	£	£
1. Animals, living	131,753	127,389	144,707
2. Articles of Food and Drink :—			
Coffee	897,404	1,216,817	1,019,843
Rice	13,122,120	12,743,776	11,727,231
Wheat and Wheat-flour	11,578,463	8,028,419	4,641,843
Other grains and Pulse	1,616,289	1,668,021	712,506
Provisions	438,266	445,791	462,220
Spices	580,783	514,477	551,763
Tea	5,655,612	5,731,465	6,511,562
Other articles	335,008	428,808	333,196
Total, Articles of Food and Drink	34,223,945	30,777,574	25,960,164
3. Metals and Manufactures of Metals	216,283	336,465	576,409

Appendix
V.Trade
Tables.V.—Sea-borne Trade—Analysis of Exports of Merchandise, shewing the principal
articles separately—cont.

						1904.	1905.	1906.
A. Indian Merchandise exported on Private Account—cont.						£	£	£
4. Chemicals, Drugs, Dyeing Materials, &c.:								
Opium :—								
	To China	...	...	...	...	5,648,253	5,050,076	4,806,452
	To other countries	...	...	...	...	1,631,903	1,487,117	1,321,564
	Total	...	...	...	...	7,280,156	6,537,193	6,128,016
Indigo :—								
	To the United Kingdom	...	...	...	...	182,851	87,748	80,481
	To Egypt	...	...	...	...	147,634	104,642	118,659
	To other countries	...	...	...	...	383,010	262,451	188,282
	Total	...	...	...	...	713,495	454,841	387,422
	Other articles	...	...	...	...	929,636	894,490	1,000,900
	Total, Chemicals, Drugs, &c.	...	...	...	...	8,923,287	7,886,524	7,516,338
5. Oils						683,141	572,105	483,690
6. Raw Materials and Unmanufactured Articles :—								
Cotton :—								
	To Japan	...	...	...	...	2,859,764	4,393,258	3,894,643
	To Germany	...	...	...	...	2,837,401	2,083,026	2,843,924
	To other countries	...	...	...	...	9,422,229	5,854,304	7,299,652
	Total	...	...	...	...	15,119,394	12,330,588	14,038,219
Hides and Skins (Unprepared) :—								
	To the United States	...	...	...	...	1,924,302	2,535,168	2,987,883
	To other countries	...	...	...	...	2,554,634	3,469,238	4,695,006
	Total	...	...	...	...	4,478,936	6,004,406	7,682,889
Jute :—								
	To the United Kingdom	...	...	...	...	3,420,644	4,575,853	7,045,474
	To Germany	...	...	...	...	1,802,507	1,902,319	3,229,181
	To other countries	...	...	...	...	3,214,924	3,356,164	6,183,562
	Total	...	...	...	...	8,438,075	9,834,336	16,458,217
Linseed :—								
	To United Kingdom	...	...	...	...	1,461,046	777,179	787,934
	To other countries	...	...	...	...	2,672,127	1,991,238	1,440,077
	Total	...	...	...	...	4,133,173	2,768,417	2,228,011

V.—Sea-borne Trade—Analysis of Exports of Merchandise, shewing the principal articles separately—cont. Appendix V.

	1904.	1905.	1906.
<i>A. Indian Merchandise exported on Private Account—cont.</i>	£	£	£
6. Raw Materials and Unmanufactured Articles—cont.			
Other seeds	5,478,725	4,356,393	5,379,405
Wood, Teak and other	478,829	557,343	545,857
Wool, raw	1,201,190	1,311,764	1,544,398
Other articles	2,550,741	3,148,011	3,754,368
Total, Raw Materials and Unmanufactured Articles.	41,879,063	40,311,258	51,631,364
7. Manufactured and partly manufactured articles :—			
Cotton twist and yarn :—			
To China	4,941,645	7,721,808	7,016,126
To other countries	556,575	477,852	522,865
Total	5,498,220	8,199,660	7,538,991
Other cotton	1,184,283	1,375,658	1,210,120
Total cotton	6,682,503	9,575,318	8,749,111
Jute :—			
Gunny bags and cloth :—			
To the United Kingdom	500,142	600,341	984,349
To the United States	2,183,489	2,347,706	3,609,652
To other countries	3,922,072	4,770,829	5,242,051
Other Jute manufactures	46,971	38,884	55,756
Total	6,652,674	7,757,760	9,891,808
Hides and Skins :—			
To the United Kingdom	1,737,675	1,937,181	2,483,048
To other countries	284,793	300,921	393,228
Total	2,022,468	2,238,102	2,876,276
Lac	2,239,580	1,804,041	2,170,353
Other articles	1,293,984	1,310,365	1,371,278
Total, manufactured and partly manufactured articles.	18,891,209	22,685,586	25,058,826
Total exports of Indian merchandise on Private Account.	104,948,681	102,696,901	111,371,498
<i>B. Government Stores, exports</i>	151,677	67,311	51,018
Total exports, Indian merchandise	105,100,358	102,764,212	111,422,516

Trade
Tables.

Appendix
V.
Trade
Tables.

V.—*Sea-borne Trade—Analysis of Exports of Merchandise, shewing the principal articles separately—cont.*

					1904.	1905.	1906.
					£	£	£
C. <i>Re-exports—On Private Account:—</i>							
Cotton, wool and apparel	...	...			1,228,197	1,243,324	1,208,277
Other articles	...	...	...	...	1,006,838	1,048,903	1,184,990
D. <i>Re-exports—Government Stores</i>							
	...	...		...	27,302	27,658	16,825
*Total					2,262,337	2,319,885	2,410,092
Grand Total, Exports of Merchandise					107,362,695	105,084,097	113,832,608

IMPERIAL INSTITUTE.

INDIAN SECTION.

ANNUAL REPORT

FOR THE YEAR

1905-1906.

Presented to both Houses of Parliament by Command of His Majesty.



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Mr. B. J. ROSE (*in charge of India Trade Enquiry Office, 73, Basinghall Street, London, E.C.*).

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Aconites. Agave fibres. Asbestos. Bauxite. Bristles. <i>Cesalpinia digyna</i>. Camphor. Castor-seed oil. Cigars. Coal. Corundum. Cotton. Cutch. <i>Ecdysanthera micrantha</i>. <i>Ficus comosa</i>. <i>Ficus indica</i>. Kino. Lemon-grass oil. Linseed. Magnesite. Manganese. Marble.	Mica. <i>Nannorhops Ritchieana</i>. Ochre. Opium alkaloids. Otto of roses. Padouk. <i>Parameria glandulosa</i>. <i>Parameria pedunculosa</i>. Podophyllum. Poppy-seed oil. Ramie. Saltpetre. Shellac. <i>Shorea robusta</i>. Silk. Sisal hemp. Steatite. Sunn hemp. Teak. <i>Terminalia tomentosa</i>. Turpentine.
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No. 1.

Letter from Major-General Sir Owen Tudor Burne, Chairman of the Indian Committee, Imperial Institute, to the Under Secretary of State for India, No. 430, dated 7th August, 1906.

I have the honour to submit for the information of the Secretary of State for India in Council the accompanying reports and letters connected with the administration of the Indian Section of the Imperial Institute and the Trade Inquiry Office in the City for the year ending 31st March, 1906.

2. The Committee desire in the first instance to express their obligations to their colleagues of the Collections Sub-Committee,* the (appointment of which was mentioned in my annual letter of the 11th July, 1905) for their continuous good work, in co-operation with Professor Wyndham Dunstan and Mr. C. E. Jones, in advising them on matters relating to the care and arrangement of the Collections. The Sub-Committee have, as will be seen in the appended note, held twelve meetings during the year and amongst other matters have paid special attention to the system of showing economic specimens in the various groups, to the replacement of Index by Representative Collections, to the more prominent display of commercial products, and to the supply of suitable labels and descriptions.

3. The report by Mr. C. E. Jones shows in detail the progress thus made on lines which have added to the usefulness of the Collections, besides making them more attractive to visitors. Professor Wyndham Dunstan's report will be forwarded when received.

4. The Trade Inquiry Office in the City has in the opinion of the Committee amply justified its existence, as will be seen in the satisfactory report submitted by Mr. B. J. Rose.

5. The Committee think it unnecessary to refer to other matters connected with the Section and the Imperial Institute alluded to in former communications, seeing that they have been dealt with, so far as they are aware, by the Special India Office Committee which has since the close of the quinquennial period of 1905-1906 conducted the inquiry suggested in my letter (*see* No. 6) of the 15th July, 1905, relative to these and other questions.

6. I am to express the entire satisfaction of the Committee with the work of Mr. C. E. Jones and the Staff of the Section, and of Mr. B. J. Rose of the City Office, during the year under report.

No. 2.

Note by the Collections Sub-Committee, to the Chairman of the Indian Committee, dated 31st July, 1906.

The Collections Sub-Committee held twelve meetings during the year.

In the early part of the year a memorandum on the Economic Collections was prepared, at their request, by the Superintendent. Taking this as the basis,

* Mr. W. Coldstream (Chairman), Mr. W. G. Vidal, and Major-General J. Waterhouse.

the Sub-Committee has, in communication personal or by correspondence with the Director of the Imperial Institute, considered and determined the principles on which these Collections should be arranged and maintained, adopting a more or less defined scheme—a working plan—which is being proceeded with.

In connection with a note on the Industrial Art Collection similarly prepared by the Superintendent, they have carefully reviewed the condition and scope of this Collection, specially with reference to some questions raised by the Director as to its utility in its present incomplete form, and they have given considerable attention to the method and attractiveness of its presentment.

For both Collections ground plans have been prepared, showing the allocation of space to the different groups, in accordance with the Superintendent's scheme, and these have been approved by the Director.

One of the guiding principles in the matter of exhibition being popular illustration and explanations, the Sub-Committee has, in co-operation with the Superintendent, devoted considerable attention to new labels—their form and contents—and to descriptive cards. Their Indian experience has, naturally, been a help to them in this matter. Questions as to form and type have been determined by the Sub-Committee, and specimens prepared by the Superintendent have been examined and passed.

Among the subjects which have recently engaged the attention of the Sub-Committee is a suggestion for the establishment of a "New Products" case, in which are to be shown products new, or newly applied, or favourably reported upon by the Scientific and Technical Department. This has been approved by the Director, and it is hoped that the "New Products" case will prove a popular and attractive feature in the Collections.

Having briefly sketched above the work of the Sub-Committee, it must be understood that a large proportion of the initiative, and all the executive part of it has been in the hands of our able Superintendent, Mr. C. E. Jones, whose capacity, knowledge and taste, have made our task comparatively easy and pleasant, and the issues of it, we trust, successful.

No. 3.

Report to the Indian Committee on the Indian Work of the Imperial Institute in 1905–1906, by Professor Wyndham Dunstan, M.A., LL.D., F.R.S., Director of the Imperial Institute.

GENERAL.

The Indian work of the Imperial Institute has made satisfactory progress during the year under review. In my Report for last year I discussed somewhat fully the nature and general bearings of this work under its different headings, and I therefore need not do more in the present report than allude to what has been accomplished since the last report was issued, especially in view of the fact that the Indian work for a large part of the present period is included in my General Report on the Work of the Imperial Institute in 1905, which has now been published as a Parliamentary Paper (Cd. 3116 of 1906), whilst a detailed account of the scientific and technical investigations conducted for India is printed in the Report of the Board of Scientific Advice in India. Moreover, as shown below, all my correspondence with the Reporter on Economic Products in Calcutta, including reports on investigations, has been printed. Each letter or report which is transmitted to India under flying seal through the India Office is printed immediately it is received in Calcutta, and copies of it and of the Reporter's reply are then forwarded to the Indian Committee and to the Imperial Institute.

INDIAN COLLECTIONS.

With regard to the re-arrangement of the Indian Collections in the Public Galleries, the work done under the direction of a Sub-Committee, of which Mr. W. Coldstream is Chairman, is sufficiently recorded by the Superintendent in his report. The Sub-Committee has on several occasions referred to me questions connected with the general principles of the re-arrangement.

SCIENTIFIC AND TECHNICAL DEPARTMENT.

The detailed information recorded in my General Report on the work of the Institute will show how rapidly the Staff and operations of the Scientific and Technical Department are being extended, chiefly in order to meet the increase of work for the Colonies, and especially for the Crown Colonies and Protectorates, as well as the extent to which the importance of the systematic examination of the composition and the technical valuation of raw materials, as the first step in their commercial development, is being recognised. The value to manufacturers and others of properly arranged collections of Indian and Colonial raw materials depends chiefly on the existence of an expert staff who are familiar with their composition and technical uses. A satisfactory feature of the year's work is the increasing reference which is being made to the Institute by manufacturers and firms in connection with the results of investigations, and the technical information respecting Indian and Colonial products which is systematically collected by the expert staff at the Imperial Institute. The correspondence under this head, as well as the personal visits of manufacturers and others interested in the utilisation of raw materials to South Kensington have increased. In addition to over 260 verbal enquiries on these and similar subjects made in the Public Galleries and in the Library, more than 200 applications for special information were received from 85 different firms between January and December, 1905, exclusive of the separate records of enquiries made in the Indian Section. The number of visitors to the Public Galleries during 1905 was nearly 100,000, whilst 1,392 representatives of commercial firms and others personally visited the sample rooms and laboratories of the Scientific and Technical Department for the purpose of gaining special information. Three hundred samples of economic products of ascertained composition were supplied to various firms, whilst 100 samples of products were received from such firms for opinions as to their composition and value.

The general correspondence of the Institute showed a great increase during 1905, amounting to 6,367 letters and reports despatched, whilst 4,167 letters were received. All these statistics include enquiries and correspondence on Indian subjects, but do not include applications made to the staff of the Indian Section, which preserves its own record and files.

In connection with the Indian investigations conducted at the Imperial Institute, several of these have already had important commercial results, though it must be borne in mind that in these as in other cases it is often difficult for the Imperial Institute to obtain a record of the actual results. The work of the Institute is completed when a report has been furnished stating the composition and value of the material, and giving the names of the firms who are willing to enter into negotiations. Although progress records do not exist of the transactions that have taken place it is known that in a large number of cases the work of the Scientific and Technical Department has led to considerable commercial transactions. Some of these may be noticed here.

Drugs.—The constituents of Indian Podophyllum were carefully compared in the Scientific and Technical Department with those of the American Podophyllum, so largely employed in this country and throughout Europe as a medicine. These constituents were found to be practically identical. The further step was then taken of getting medical trials made as to the

efficacy of the Indian drug as compared with the American. The results obtained were eminently satisfactory to the Indian material, which is now regularly imported to this country and has become established as a medicine.

The results of the laborious investigations made in the Department of the constituents of the various Indian aconites have, in addition to their important scientific value, proved that these plants are capable of use in European medicine as a substitute for the ordinary aconite.

Tanning materials.—The pods of the plant known as *Cæsalpinia digyna* were found on examination in the Scientific and Technical Department to be rich in tannin, and small tanning experiments, made in the Laboratories, showed that it was capable of producing good leather. Larger supplies having been obtained from India, experiments were conducted with the material on a large scale by tanners. The results were entirely satisfactory, and a considerable demand has sprung up for the material. This demand has, however, not so far been met from India as the plant is not sufficiently abundant. The question of planting is now under consideration.

At the request of the Forests Department of the Government of India, experiments have been made at the Imperial Institute with a view to utilising the products of *Shorea robusta* and *Terminalia tomentosa* for tanning purposes. These trees, which are very abundant, are felled for timber, and the barks are waste products. Many attempts have been made to utilise the barks as tanning agents, but these have all failed owing to the presence of colouring matters which prejudicially affect the colour of the leather. After a long investigation, a process has been worked out in the Scientific and Technical Department by means of which these barks may be freed from the obnoxious colouring matter, and an extract produced which is capable of furnishing satisfactory leather. The extract has been tried in this country by tanners who have furnished favourable reports.

A voluminous report has been made to the Forests Department on the subject, and trials are now being given to the process in India. It is probable that there will be a considerable demand at profitable prices for these extracts, which could be used for tanning purposes in India, although it may not be worth while to export them to Europe.

The Imperial Institute having been informed that India was capable of producing large quantities of the gum known as Kino, at present only used for medicinal purposes, experiments were instituted with a view to discovering whether this gum might not be employed as a tanning agent. So far its dark red colour has prevented this application. Investigation however has shown that it is possible so to treat this gum as to remove the colouring matter and render it of value as a tanning agent. The result has been reported to India, and the suggestion made that trials of the process should be made in that country.

Minerals.—The Imperial Institute is able to render considerable service to the economic side of the work of the Geological Survey of India, partly by conducting special investigations, and partly by bringing to the notice of English manufacturers, who have no touch with India, the fact that valuable minerals exist there. The Geological Survey has recently sent to the Imperial Institute a series of samples of aluminous clay, of the nature of bauxite, with a view to determining its suitability for the manufacture of aluminium. Analyses of certain of these specimens showed that they were also suitable for the manufacture of aluminous salts, which are largely employed in dyeing, as well as in other industries. The Imperial Institute had previously been informed by several important firms in this country that there was a deficiency in the supply of raw material for the manufacture of these aluminous salts. The composition of the Indian material was therefore communicated to two of these firms, who expressed their willingness either to purchase the material, or if necessary to work the deposits in India if suitable arrangements could be made.

The same action has been taken with regard to certain manganese ores submitted for examination by the Geological Survey.

Turpentine.—English manufacturers desire new sources of supply of turpentine, the American supply being largely in the hands of a monopoly. Indian turpentine has been pronounced to be unsuitable and of inferior quality. An English manufacturer, who had examined Indian samples and found them unsatisfactory, was good enough to supply the Imperial Institute with specimens which were investigated in the Scientific and Technical Department. It was found that the difficulties in question were the result of the defective distillation of the turpentine. The Indian Forests Department has been informed of this conclusion, and suggestions have been made as to the improvements that might be effected in the distillation. There can hardly be a doubt that if the matter were systematically taken up, turpentine suitable for European use could be produced in India.

The investigations of the Imperial Institute in all matters connected with the production and utilisation of raw materials are obviously greatly facilitated by direct communication with the various departments in India and the Colonies which are concerned in economic work. In India particularly there is the need for some agency which is able to follow up the results communicated from the Imperial Institute, and to furnish information as to the supplies required by manufacturers. It seems probable that this work might fall within the scope of the new Department of Commercial Intelligence in India. Publicity could be given to the subjects by references in the new Indian Trade Journal.

The following list of reports made and of Indian investigations in progress during the year, will show that the work of the Scientific and Technical Department is becoming of increasing importance to India. During the year ending 31st March, 1906, thirty subjects relating to Indian economic products have been submitted to investigation in the Department. Fourteen reports have been made, of which the following are the titles, and sixteen investigations were in progress at the end of the year.

These are additional to the replies made to numerous enquiries from commercial firms and others in this country for information respecting Indian materials and their utilisation which are referred to above.

Report on a series of Manganese Ores collected by the Geological Survey of India.

Two reports on the comparative examination of Kinos prepared by different processes by the Forests Department.

Report on the supplementary examination of a series of Indian coals.

Report on the latices of *Ficus comosa* and *Ficus indica*.

Report on the rubber latices of *Ecdysanthera micrantha* and *Parameria pedunculosa*.

Report on Agave fibres received from the Agri-Horticultural Society, Teynampett, Madras.

Report on a sample of Indian Sisal hemp.

Third report on opium alkaloids manufactured at Ghazipur.

Reports on the progress of the aconite investigation, including Papers communicated to the Royal Society and to the Chemical Society on the subject:—(1) On the pharmacology of indaconitine and bikhaconitine; (2) on indaconitine, the alkaloid of *Aconitum chasmanthum*; (3) on Bikhaconitine, the alkaloid of *Aconitum spicatum*; (4) on the aconitine group of alkaloids.

Report on the rubber latex of *Parameria glandulifera* from Burma.

Report on the rubber of *Parameria glandulifera* from the Andamans.

Report on the fibre of *Nannorhops Ritchieana*.

Report on a sample of asbestos from Southern India.

The supplementary report on Indian coals is to be printed in the Records of the Geological Survey of India and will be the means of adding valuable information to the previous report which was made some years ago. In connection with the examination of Indian minerals a number of requests have been received for information as to the supply of these minerals and these have been referred to the Director of the Geological Survey in India.

The investigation of the processes at present used for the manufacture of alkaloids from opium at Ghazipur has made satisfactory progress. A report, the third of this series, has been made whilst a fourth is in preparation.

The following are the subjects of Indian investigations which were in progress on the 31st March, 1906, some of which have since been completed and reported on :—

The constituents of the seeds of *Lathyrus sativus*.

Composition of a series of pottery clays of India.

The constituents of Indian species of *Strychnos*.

Composition of laterites and similar aluminous ores collected by the Geological Survey of India.

Constituents of *Hyoscyamus reticulatus*.

Composition of turpentine oil and resin from *Pinus longifolia*.

Constituents and tinctorial properties of the roots of *Onosma echioides*.

Composition and technical value of tanning extracts prepared from the barks of *Terminalia tomentosa*, *Shorea robusta*, and *Rhizophora mucronata*.

Composition and technical value of hops grown in Kashmir.

Constituents of the seeds of *Datura fastuosa*.

Technical value of the floss of *Eriodendron anfractuosum*.

Technical value of cotton from Singhbhum District, Bengal.

Constituents of *Aconitum soongaricum*.

Improvement of processes used at Ghazipur for manufacture of opium alkaloids.

Correspondence on the subject of these investigations and on other matters has been conducted under flying seal through the India Office between the Director of the Imperial Institute and the Officiating Reporter on Economic products in Calcutta, 35 letters having been despatched from the Imperial Institute whilst 38 letters have been received from India.

BULLETIN OF THE IMPERIAL INSTITUTE.

In addition to the information supplied to individual enquirers respecting Indian products, the "Bulletin of the Imperial Institute," published quarterly, has contained articles written by members of the expert staff of the Institute,

which are of importance as a means of disseminating special information of general interest and value in connection with tropical agriculture and industries and commercial products. The "Bulletin," whose scope was described in my last report, is having an increased circulation in the Colonies, and arrangements are being made for its extended circulation in India. The following are the titles of the principal reports and special articles of Indian interest which have appeared in the "Bulletin" during 1905-1906.

REPORTS ON INVESTIGATIONS.

Furcræa gigantea Fibre from India.

Agave Fibres from India.

Rubber of *Ficus elastica* from the Madras Presidency.

Indian Vegetable Flosses or "Silk Cottons."

Rubbers furnished by *Ecdysanthera micrantha* and *Parameria pedunculosa* from Burma.

Black Dammar Resin from Assam.

Latices of *Ficus comosa* and *Ficus indica* from India.

Agave and *Furcræa* Fibres from Madras.

SPECIAL ARTICLES.

Occurrence and Uses of Minerals containing Thorium.

The Cultivation of Jute and Similar Fibres.

Manufacture and Uses of Wood-Pulp.

Production and Utilisation of Cork.

Production and Uses of Asbestos.

Utilisation of sands containing Thorium Minerals.

Utilisation of Mangrove Bark.

Production of Camphor.

Development of Volatile Oils in Plants.

Poisonous Properties of the Beans of *Phaseolus lunatus*.

Indian Aconites and their Poisonous Constituents.

Recent Progress in the Practice of Green Manuring.

Mineral Production in India.

27th August, 1906.

WYNDHAM R. DUNSTAN.

No. 4.

Report to the Chairman, Indian Committee, by Mr. C. E. Jones, Superintendent, Indian Section, and Secretary to the Indian Committee, dated 13th July, 1906.

I have the honour to submit the following report on the Indian Section of the Imperial Institute for the twelve months ending 31st March, 1906.

The Collections.—As mentioned in my last Annual Report, the primary object of the work carried on in the Section has been to develop the Collections on pre-existing lines and in conformity with the scheme laid down by the Government of India. By the original plans, specimens were collected in India in accordance with an annual programme drawn up by the Reporter on Economic Products in India, and, so far as possible, after supplying the needs of the Indian Museum in Calcutta, material was forwarded to the Indian Section of the Imperial Institute. As the exigencies of space in the Section precluded the exhibition of all the specimens that could be shown in the Indian Museum at Calcutta—many of which possessed no great interest in this country—it was decided to limit the supply of new specimens to those that were likely to be of interest. This change did not directly necessitate an alteration in the method of exhibiting the Index Collection in the Galleries, whereby specimens were collected under defined groups in alphabetical arrangement of *genus* names, but it prevented the Index Collection becoming a complete or tolerably complete representation of Indian products. It therefore became a matter for consideration whether another system of arrangement might not prove more satisfactory. With this object in view I prepared a memorandum in which it was suggested that only selected specimens from the Index Collections should be shown in the exhibition Galleries and that the remainder should be transferred to the stores to be kept there for reference purposes; further that the specimens in each group in the exhibition Galleries should be arranged in sub-groups instead of alphabetically, the chief advantage being that similar products would thus be brought into juxtaposition. These suggestions were approved by the Indian Committee and the work has since proceeded on these lines. Proposals for showing the collection of commercial art-ware and for carrying out other changes were also accepted by the Committee, and when carried out will add more to the homogeneity, and, it is hoped, the attractiveness, of an interesting although not representative collection of modern Indian art productions. Subsequently it was decided to exhibit in separate cases samples of products of primary commercial value, such samples representing in their respective groups the more important commodities. This plan has been carried out in the case of the groups of gums, resins and rubbers, and of oils and oil seeds.

2. *Fibres.*—From a commercial point of view, no group is more important than that of fibres, and by the extension of the space allotted to samples of raw cotton and cotton textiles, and also by the introduction of a new case for woollen textiles, these two important branches of Indian trade have received more adequate representation. With the transfer of the specimens of raw jute and jute materials to another part of the Section, space was rendered available for extending the cotton exhibit, and a specially designed case was constructed to show fabrics above and to take a large number of textile samples in the drawers below. As the cotton exhibit is now disposed, the collection of raw cottons includes several of the commercial varieties and a large number of country cottons, also a few samples of native raw cottons with thread and manufactured cloth. Another exhibit has been arranged to illustrate different phases of the cotton industry, consisting of the raw material, model bales, yarns, threads, and finished fabrics. A separate case has been assigned to the exhibition of garments and cloths woven in hand-looms, while samples of textiles produced in Indian cotton mills form another exhibit.

3. *Dyes and Tans.*—In accordance with the principle of directing attention to important trade products, a table-case was set apart for the illustration of

specimens connected with cutch manufacture including samples of wood and chips, and different varieties and grades of cutch as prepared in various parts of India. With regard to the general specimens of dyes and tans, as many of the dyes and certain of the tans have lost rather than gained in importance by the lapse of time, the number of specimens shown in the Galleries can be reduced; meanwhile those substances which are of practical value or likely to attract attention have been placed in a more prominent position; where it is proposed to locate this group.

4. *Medicines and Drugs*.—It has been previously mentioned that this is the largest group in the Collections, but interest in the greater number of the specimens must be confined to a few specialists, so that many of them can advantageously be removed from public exhibition, while they are reserved for reference in the stores. A collection of those products that are officially mentioned in the British Pharmacopoeia and that are supplied from India has been brought together, and it is proposed to show another collection of Indian drugs that are made official in the Indian and Colonial Addendum to the British Pharmacopoeia.

5. *Food Products*.—The changes subsequent to the removal of unimportant specimens from exhibition have been continued in this group. The exhibition of similar products under sub-groups has made very apparent the unsatisfactory nature of many of the specimens as fair samples of Indian produce. Among the cereals, the millets are fairly representative although incomplete; some of the wheat samples are satisfactory, but the specimens of rice are not good economic products, and entirely useless as trade samples. Similar comments are more or less applicable to other sub-groups.

6. *Commercial Art Collections*.—In the course of the year seven show-cases having been removed from the Alexandra Palace, where they had been on loan after return from the Paris Exhibition, were presented to the Indian Section by the Secretary of State for India in Council on the recommendation of the chairman of the Indian Committee. Three of these were assigned to loan collections of Tibetan objects and another to the exhibition of Moradabad brassware. The remainder were taken into use for showing specimens of Indian industrial brass and copper ware.

7. *Number of Specimens*.—During the year 37 specimens were received from the Reporter on Economic Products and these were mostly supplied in connection with investigations proceeding in the Scientific and Technical Department of the Institute. An indent for a number of new specimens based upon the deficiencies and deteriorations noted in the Collections has been forwarded to the Reporter on Economic Products in India.

About 200 specimens were sent out from the stores, of which half were supplied to the Scientific and Technical Department, or to inquirers wishing to ascertain their economic value, and others for educational purposes. On behalf of the Victoria University, Manchester, the Curator of the Pharmaceutical Museum applied for and received a number of pharmaceutical products supplementary to those supplied in 1899. Specimens were also supplied to schools at East Greenwich and Edmonton.

8. *Statistical Table and Maps*.—The Statistical Table exhibited at the entrance to the Section, was brought up to date by the addition of the trade figures for 1904-5. A map of India showing railways and canals was received through General Waterhouse from the British Commissioners of the St. Louis Exhibition and has been placed in the Indian Pavilion. Judging from the use made of this map and the geological map previously shown, visitors find these very useful for reference.

9. *New Show Cases and Fittings*.—A large centre show case has been made during the year for the woollen textiles, and one of the hexagonal cases has been altered for the exhibition of gums, resins, and rubbers that are in commercial demand. The seven cases received from the Alexandra Palace were re-varnished and put in order before being taken into use. Fittings for these and other cases, photograph frames, and other general repairs kept the carpenter

employed throughout the year. With regard to the routine work of the staff, several of the cases with their contents were overhauled and cleaned, including the Madras carved wood case containing specimens of pottery and brass from Jeypore Museum. The general relacquering of brass and copper ware occupied some considerable time during the spring and summer; the screen for maps was re-covered, and defective and missing labels in the Collections were made good.

10. *Loan Collections*.—The two loan collections of specimens referred to in the last report have been on exhibition throughout the year. The collection of curious Tibetan instruments and objects lent by Major E. Le Mesurier was arranged in June, and an interesting accessory in the shape of a small loan Tibetan collection offered by Mr. W. Coldstream, I.C.S., was accepted by the Indian Committee. The Committee also accepted an offer from the Dowager Lady Temple to place on loan in the Indian Section a large number of Indian and Persian paintings in water-colours by the late Colonel Henry Martindale Temple. The collection, consisting of 109 pictures, has attracted much attention and admiration, more especially from those who are acquainted with the scenes depicted.

A collection of lac and lacware was lent to Sir George Watt for the purpose of illustrating his lecture on "The Lac Industry of India," delivered before the Pharmaceutical Society of Great Britain.

Inquiries having been made whether a portion of the very fine Indian carved wood trophy shown by the Forest Department at the Paris Exhibition in 1900, and now stored in the Indian Section, could be lent for exhibition purposes, the whole of the wood work was unpacked for the inspection of the Indian Committee, who reluctantly decided that they could not recommend compliance with this request owing to the large cost it would entail.

11. *Inquiries received in the Section*.—Among the inquiries that have been received in the Section may be noted those referring to cutch, walnut oil, ramie, padouk, turmeric, mica, Jeypore brassware, and Indian rugs.

12. *Expenditure*.—The total expenditure on the Indian Section during the year ending 31st March, 1906, was £607 17s. 4d., including a sum of £57 17s. 4d., the balance of the special grant alluded to in last year's report, in addition to the ordinary grant of £550. The grant provided for the City office and the grants paid to the Imperial Institute were unchanged. The total expenditure on the Imperial Institute and the India Trade Inquiry Office from Indian revenues has been :—

	£	s.	d.
On the Indian Section (Ordinary Grant) ...	550	0	0
Special Grant	57	17	4
Imperial Institute :			
Annual Maintenance Grant	475	0	0
Annual Grant for Scientific Investigations...	200	0	0
Superintendent	300	0	0
Grant for India Trade Enquiry Office ...	130	0	0

No. 5.

Report by Mr. B. J. Rose to the Chairman, Indian Committee, on the India Trade Enquiry Office at 73, Basinghall Street, E.C., for the year 1905-6, dated 16th July, 1906.

I have the honour to submit the following report on the India Trade Enquiry Office for the year 1905-06, and am pleased to be able to inform the Indian Committee that the use made of this Office by merchants and commercial people steadily increases ; and from the nature of the enquiries received it is evident that its value is becoming better known and appreciated.

2. Verbal and written enquiries, from this country and abroad, with regard to the undermentioned, and other, Indian products were received and dealt with by this Office during the year under review :—linseed, castor seed and oil, poppy-seed oil, lemon-grass oil, otto of roses, shellac, camphor, manganese, mica, magnesite, corundum, steatite, saltpetre, yellow ochre, turpentine, bristles, Burma teak, Andaman padouk, Assam silks, rhea or ramie fibre, sunn hemp, and various other fibres.

3. There has been a larger number of enquiries this year from abroad, principally with regard to the trade sources through which supplies of various Indian products could be obtained. Among these may be noted, requests from Paris for shellac, rhea, and oils ; from Genoa, for direct shipments of sunn hemp, as a substitute for hemp, due to the partial failure of the Italian crop ; Uerdingen, for Baras camphor and turpentine. Inquiries for lemon-grass oil were received from Hamburg, for mica from Berne and Paris, and oil seeds from Marseilles. A request for information as to the economic condition of India was received from Liège, and from Roubaix as to openings in India for certain French manufactures. It should be explained that the reason why French firms are anxious to obtain direct supplies from India is in order to secure the rebate in the import duty which the French Government allow on certain goods imported into France direct from a producing country.

4. This Office has also been of some assistance to a few Indian exporters, who were desirous of finding likely agents or possible markets for their goods in this country ; for instance, from Mandalay for steatite, Dindigul for native made cigars, from Baroda for green marble, Hissar for mica, and from Mysore as to food grains, &c.

5. With the view of giving the Indian Committee some idea of the main directions in which the assistance and advice of this Office is sought, I have prepared an analysis of the first 1,000 enquiries dealt with by me, from which the numbers under each group are as follows :—

For information regarding Indian products	...	...	...	389
Indian trade statistics, customs regulations, tariff rates, railway and port charges, &c.	...	...	...	152
Information about the climate, &c., of India, conditions of employment, wages, &c. in India	...	...	...	83
Particulars as to manufactures and industries carried on in India				66
International and other Exhibitions	...	...	...	46
Enquiries from India and India Office	...	...	...	29
Applications for lists of firms in India importing European goods, &c.	...	...	...	145

It will be seen from the above that a large proportion of the enquiries dealt with is for information as to Indian economic products. What I find is mostly asked for by enquirers—in addition to a popular and scientific description of the product itself, and of the localities in which it is found—is

accurate and up-to-date information on the following important points :— Whether the product is available in commercial quantities ; if fairly constant supplies can be depended upon ; details as to the approximate price at which it can be obtained, either on the spot, or free at a given port. In addition to this any other particulars likely to be of use in finding a buyer for a product should be furnished. Such information is especially necessary in regard to all Indian products that have not yet become established articles of trade, and the matter is worthy of the serious attention of the Indian commercial authorities. So far as the regular and well-known exports are concerned, nearly all that is needed is at hand, and whenever other details are asked for the merchants and brokers handling such products in this market have always most courteously supplied me with all information required.

6. The new *Indian Trade Journal*, published by the Commercial Intelligence Department of the Government of India, is calculated to be of considerable assistance to this Office, and more particularly in the direction of obtaining reliable information, in India, with respect to the supply of the varied productions of that country for trade purposes. I have already sent to India, through the India Office, two or three enquiries recently made to this Office for certain products, for insertion in the *Journal*. It is hoped that as the *Journal* has a wide circulation among the Chambers of Commerce, merchants, and traders in India, the publication of such requests in this manner may be the means of securing the required information, and perhaps of opening up a trade in the articles in question. In this connection I would venture to make the suggestion that if the India Trade Office and the Commercial Intelligence Department of the Government of India could be brought into closer and more direct relations, it would certainly tend to further the objects both have in view.

7. It may be of interest to state here that the following Colonial Governments have Trade Offices in the same premises as the Commercial Intelligence Branch of the Board of Trade, viz. :—The Cape of Good Hope, Queensland, the Dominion of Canada, and the Orange River and Transvaal Colonies. I may mention that Sir Horace Tozer has been so much impressed with the possibilities of his City office that he has taken two additional rooms for the purpose of showing samples of Queensland produce and manufactures. The windows of these rooms overlooking Basinghall Street have been fitted with show cases, in which various trade samples are very attractively exhibited ; large numbers of persons in passing stop to examine them, and as it is calculated that some five millions of people pass the windows during the working hours of the year, the practical advantage of this advertisement, in the very heart of the City, can be readily gauged.

The Commercial Agent for the Cape has also utilized one of the windows of his office for showing samples of the weekly consignments of Cape fruit, &c. I understand that the Cape Government find its City office of considerable commercial value, and that its work is so rapidly increasing that additional accommodation will soon be needed.

8. In accordance with the arrangements made by the Indian Committee, for the purpose of obtaining all possible advantage to India from the combined work of the Indian Section of the Imperial Institute and the India Trade Office in the City, the Superintendent of the Indian Section and I have met, either at South Kensington or in the City as occasion required, to discuss all questions arising out of matters engaging our attention. The results of these frequent consultations have proved extremely useful, not only as a means of securing two independent opinions, but more generally by reason of the opportunity afforded for discussion between officials entrusted with the same interests. In this connection I have to record my indebtedness to Mr. C. E. Jones for the cordial and valuable assistance he has always so readily given me.

9. In conclusion, may I again be permitted to draw attention to the fact that the India Trade Office was started at Eastcheap early in 1902, and that

its operations have ever since been carried on in a purely tentative and experimental manner. The City office at first suffered a great deal from the very unfavourable conditions under which it was established, and also from lack of funds available for its proper development ; yet in spite of these serious disadvantages it may, I think, be justly said that the measure of success attending the past four years' working of the City office has been most encouraging, and may be regarded as justifying its future establishment on a more permanent and enlarged footing.

No. 6.

Letter from Major-General Sir Owen Tudor Burne, Chairman of the Indian Committee, Imperial Institute, to the Under Secretary of State for India, No. 356, dated 15th July, 1905.

The Indian Committee^e desire me to bring to the notice of the Secretary of State for India in Council that the present quinquennial arrangement between the Government of India and the Imperial Institute in respect of the Indian Section which forms part of it, will come to an end on the 31st March, 1906, on which date also their individual term of office will, by rule, terminate.

In these circumstances, I am asked to submit a few observations which may assist the Indian authorities in coming to a decision, prior to the above named period, as to the future work of the Section, and the system under which the relations of the India Office with the Imperial Institute shall continue to be maintained.

The Committee do not think it necessary to enter into any detailed remarks with respect to the history of the Indian Section, or the general scope of its work and the way in which it is conducted, or the manner in which the Indian economic and other exhibits are displayed in it, seeing that these matters are fully set forth in the Annual Report of the Indian Section (Appendix C.) for 1902-3 ; but it seems to the Committee that certain improvements and changes in the administration of the Section are now called for in view of the fact that since the last quinquennial arrangements were considered in 1901 many of the conditions governing the relations between the Imperial Institute and India have been modified, (1) by the transfer of the control and management of the Institute on the 1st January, 1903 to the Board of Trade, (2) by the recent establishment in India of a separate Department of Commerce and Industry, in conjunction with which the future work of the Indian Section will presumably be carried on, and (3) by the opening in 1902 of a Branch City Office, now placed under the same roof as the Commercial Intelligence Branch of the Board of Trade, and working in cordial co-operation with it.

Except for these special facts, the Committee would have been prepared to submit for the consideration of the Government of India certain recommendations in connection with their future relations with the Board of Trade and the administration of the Indian Section. But after careful deliberation they are of opinion that it may be more advantageous at the present moment to suggest that sanction should be given to the continuance, for a period not extending beyond 31st March, 1907, of the arrangements now in force for the control and maintenance of the Section, while at the same time they would strongly recommend the appointment by the Government of India of a small Special Committee to inquire into and report upon these important matters.

Should the Government of India be disposed to agree to this latter course, I need not say that the Committee would cordially give such Special Committee all the information and assistance in their power during the remaining term of

their office, and would in no way consider such inquiry as casting any reflection upon themselves, conscious as they are that for many years past they have fulfilled, in difficult circumstances and at some personal sacrifice, a useful duty, in supervising the work of the Indian Section and acting as an intermediary between the Institute authorities and the India Office.

No. 7.

Letter from Sir A. Godley, the Under Secretary of State for India, to the Chairman of the Indian Committee, Imperial Institute, R. & S. 2820, dated 31st January, 1906.

I am directed by the Secretary of State for India in Council to refer to your letter No. 356, dated 15th July, 1905, on the subject of the expiration of the quinquennial arrangement for the management of the Indian Section.

In reply I am to say that the Secretary of State in Council, having communicated with the Board of Trade, has referred to the Government of India the suggestion made in your letter that the working of the Indian Section, and the policy to be pursued in future in respect of it, should be investigated by a Committee appointed for the purpose during the current year.

In the meantime it has been decided to continue the existing grants and the existing management for another year up to the 31st March, 1907. I am to request that budget estimates for 1906-07 may be submitted in the usual form.

I am to invite you to continue to be Chairman of the Committee for the year 1906-07, and to request you to invite on behalf of the Secretary of State the present ordinary and additional members of the Committee to continue to serve on it during the same period.

No. 8.

Letter from the Chairman of the Indian Committee, Imperial Institute, to the Under Secretary of State for India, No. 356, dated 7th March, 1906.

In reply to your letter of the 31st January, 1906, R. & S. 2820, on the subject of the Indian Section, I have the honour to say that in accordance with the wishes of the Secretary of State for India in Council the Chairman and ordinary and additional members of the Indian Committee are willing to serve for the extended period mentioned.

The Budget estimate asked for in the above letter has been submitted in a separate communication.

No. 9.

Letter from the Chairman of the Indian Committee, Imperial Institute, to the Under Secretary of State for India, No. 394, dated 7th March, 1906.

In reply to your letter, R. & S. 2820, of the 31st January, 1906, asking that a budget estimate should be submitted for the Indian Section, Imperial Institute, 1906-1907, I beg to enclose the appended estimate that has been approved by the Indian Committee, in which no change is proposed except under heading C., City Grant.

After careful consideration of the matter the Committee would recommend that this Grant should be the same as in the previous year, viz, £130, seeing that it is of advantage to Indian trade interests to keep the City Office in as efficient a condition as is practicable within the limited sum allowed, and that after paying the rent of £90, the balance would provide a sum of £20 to renew and add to the present inadequate office furniture, and a like sum of £20 for office expenses, *i.e.*, stationery, postages, certain limited travelling expenses and unforeseen contingencies, for which vouchers will be submitted in the usual manner to the Committee and forwarded to the India Office.

No. 10.

Letter from the Under Secretary of State for India to the Chairman of the Indian Committee, Imperial Institute, R. & S. 576, dated 21st March, 1906.

In reply to your letter of the 7th March, 1906, I am directed to inform you that the Secretary of State for India in Council sanctions the budget therein submitted for the Indian Section, Imperial Institute, for the year 1906-7, with the exception that the grant for the India Trade Inquiry Office will be £120—viz., £90 for rent, and £30 for office expenses and contingencies—making a total of £1,645 for the year.

No. 11.

Estimated Expenses of the Indian Section, Imperial Institute, for the year
1906-1907.*Heading A.—Salaries, Superintendent's Staff—*

	£	s.	d.	£	s.	d.
Clerk at £110	110	0	0			
Storekeeper at 42s. per week	109	4	0			
Assistant Storekeeper at 34s. per week	88	8	0			
Office boy at 12s. per week	31	4	0			
Occasional extra labour	11	4	0			
				350	0	0

Heading B.—General Expenses of Section—

Petty Cash at £5 monthly	60	0	0
Cases and fittings for Exhibition Galleries, Sample Stores, Materials, Carpenter's Wages, Office Fittings, and margin for Contingencies	140	0	0
Total of Headings A. and B.	£550	0	0

Heading C.—India Trade Inquiry Office—

Rent... ..	90	0	0
Office Expenses and Contingencies	30	0	0
	120	0	0

Heading D.—Grants to Imperial Institute—

Annual Grant for General Purposes of Imperial Institute ...	475	0	0
Annual Grant to Scientific Department	200	0	0

Heading E.—Superintendent—

Superintendent	300	0	0
Total	£1,645	0	0

EAST INDIA : ACCOUNTS AND ESTIMATES, 1908-1909.

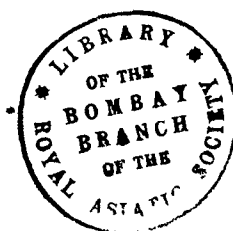
EXPLANATORY MEMORANDUM

BY THE

UNDER SECRETARY OF STATE FOR INDIA.

Presented to both Houses of Parliament by Command of His Majesty.

109005

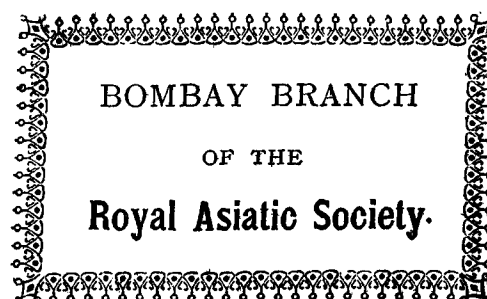


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Memorandum by the Under Secretary of State for India, relating to the Accounts of the Government of India for 1906-1907, and the Estimates for 1907-1908 and 1908-1909.

FORM OF ACCOUNTS AND ESTIMATES.

In the "Financial Statement" of the Government of India, which is annually presented to Parliament (*see* H. of C. 170 of 1908), the Accounts and Estimates are prepared so as to shew the transactions in India in rupees; the rupee figures are then converted into pounds at the rate of £1 to 15 rupees; the sterling transactions in England are next stated; and the last two sets of figures are added together, so as to shew in pounds the combined transactions in India and in England. The small addition or deduction that has to be made on account of the facts that the remittances from India to defray the net expenditure in England are not effected at exactly 16 pence to the rupee, and that the Government is under obligations to carry out certain transactions with railway companies at specified rates, is shewn in a single line, under the head of Exchange.

Since the presentation to Parliament of the last Explanatory Memorandum (Cd. 3479 of 1907) the following changes have been made in the form of the accounts:—

- (1.) The transactions of District Boards and certain other local bodies are now excluded from the Government accounts. The amount of the Gross Revenue and Expenditure shown therein is reduced by about two and a half millions sterling in consequence of this change; but the surplus or deficit of the year is, of course, unaffected.
- (2.) The figures hitherto shewn under "Civil Departments—Marine" included not only the civil charges for Ports and Pilotage (with the corresponding receipts), but also the cost of the Royal Indian Marine and the Indian contribution towards the cost of H.M. Ships in Indian Waters. The latter charges are now shewn under the new Military head "Marine," while the former though still shewn, as before, in the group "Civil Departments," are described by the new designation, "Ports and Pilotage."
- (3.) The distribution of the charges for interest on debt has been altered, with the effect of increasing by about £600,000 a year the interest shewn under the head "Debt Services," and of diminishing to the same extent the payments charged to the heads, "Railway Revenue Account" and "Irrigation." Particulars of the change will be found below under the appropriate heads.

Effect has been given to the first and second of these changes in the figures contained in this Memorandum for 1906-7, 1907-8 and 1908-9. The third change has been carried out in the Accounts for 1906-7, the Revised Estimate for 1907-8 and the Budget for 1908-9, but not in the Budget for 1907-8, which was framed before the new system was introduced, and also before the Accounts for 1906-7 were rendered.

GROSS REVENUE AND EXPENDITURE.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows:—

Gross Revenue and Expenditure.						Accounts, 1906-1907.	Revised Estimate, 1907-1908.	Budget, 1908-1909.
Revenue	...	...	...	...	...	£ 73,144,554	£ 70,989,200	£ 73,438,900
Expenditure	...	...	...	...	...	71,555,179	70,753,800	72,867,400
Surplus	...	...	...	...	...	1,589,375	235,400	571,500

In these figures all receipts are included in the total of revenue and all outlay in the total of expenditure, with the one exception that the working expenses of railways and the surplus profits paid to certain railway companies are treated not as expenditure but as a deduction from revenue.

NET REVENUE AND EXPENDITURE.

The figures of Gross Revenue just given include the net receipts of railways, without any deduction on account of interest charges, and the total receipts derived from the other commercial undertakings of the Government of India (*i.e.* Irrigation Works, Post Office, and Telegraphs) and from the sale of Opium: while the figures of Gross Expenditure include the interest charges of railways, the working expenses and interest charges of other commercial under-

takings, and the cost of cultivation of opium. This method of compiling the figures causes the revenue available for administrative purposes, and the expenditure on such purposes, to appear much greater than they really are; and it has accordingly been the practice for some years to present to Parliament an annual statement of Net Income and Expenditure (*see* H. of C. 174 of 1908), in which the net revenue derived from commercial undertakings and opium is shewn instead of the gross revenue, and similar adjustments are made under other heads of revenue and expenditure by deducting (1) refunds and assignments from the gross yield of land revenue, taxation, &c., and (2) the receipts of certain spending departments from the gross expenditure incurred by them. In the following table the Net Revenue and Expenditure for 1906-7, 1907-8, 1908-9, are calculated in the same manner as in the annual Parliamentary return last mentioned.

Net Revenue.

	Accounts, 1906-1907.		Budget, 1907-1908.		Revised Estimate, 1907-1908.		Budget, 1908-1909.	
	£	£	£	£	£	£	£	£
I. Land Revenue, &c. :								
1. Land Revenue	19,066,832		19,488,300		17,781,200		19,224,700	
2. Forest	1,763,627		1,886,700		1,737,000		1,840,300	
3. Tributes from Native States.	400,766		403,600		360,300		422,600	
		21,231,215		21,778,600		19,878,500		21,487,600
II. Opium		3,743,773		3,042,700		3,556,100		3,351,700
III. Taxation :								
1. Salt	4,095,173		3,023,300		3,066,500		3,129,900	
2. Stamps	3,985,706		4,121,600		4,188,700		4,315,400	
3. Excise	5,835,462		6,154,600		6,131,600		6,326,400	
4. Provincial Rates	514,735		525,500		523,000		531,700	
5. Customs	4,232,499		4,499,100		4,857,000		4,894,000	
6. Assessed Taxes	1,416,327		1,425,100		1,474,700		1,513,800	
7. Registration	378,891		390,200		410,600		428,800	
		20,458,843		20,139,400		20,652,100		21,140,000
IV. Commercial Undertakings :								
1. Post Office	148,213		105,900		116,400		96,500	
2. Telegraph	—173,199		—58,200		—86,400		—56,700	
3. Railway Revenue Account	2,307,673		2,141,400		1,928,100		2,406,500	
4. Irrigation	796,156		400,200		614,600		722,500	
		3,078,843		2,559,300		2,572,700		3,168,800
V. Mint		252,600		94,500		272,500		124,400
VI. Exchange		190,022		133,300		60,000		—
Total Net Revenue ...		48,955,296		47,747,800		46,991,900		49,272,500

Net Expenditure.

	Accounts, 1906-1907.		Budget, 1907-1908.		Revised Estimate, 1907-1908.		Budget, 1908-1909.	
	£	£	£	£	£	£	£	£
I. Debt Services (excluding interest payments chargeable BNEI to Railways and Irrigation).		943,691		113,400		818,500		720,200
II. Military Services :								
1. Army	18,440,276		18,287,100		17,746,400		18,091,300	
2. Military and Special Defence Works	1,214,874		1,356,000		1,195,700		1,251,900	
3. Marine	515,210		453,200		431,800		394,500	
		20,170,360		20,096,300		19,373,900		19,737,700
III. Collection of Revenue ...		5,556,014		5,916,800		5,808,500		6,035,300
IV. Civil Services :								
1. Civil Departments ...	11,545,529		11,955,900		11,941,800		12,896,700	
2. Miscellaneous Civil Charges	3,756,653		4,089,000		4,233,800		4,095,700	
3. Civil Works	4,071,689		4,319,800		4,425,000		4,209,300	
		19,373,871		20,364,700		20,600,600		21,201,700
V. Famine Relief and Insurance		1,009,743		999,800		1,182,000		1,531,200
VI. Provincial adjustments :								
1. Charge against Revenue of the Year arising from increase of Provincial Balances		312,242		—		—		—
2. Diminution of charge against Revenue of the Year owing to Expenditure being met from Provincial Balances ...		—		—517,900		—1,027,000		—525,100
Total Net Expenditure charged against Revenue. }		47,865,921		46,973,100		46,756,500		48,701,000
Surplus		1,589,375		774,700		235,400		571,500

Accounts, 1906-7.

It will be seen from the table that the surplus shown in the final accounts for 1906-7 is £1,589,375 ; this is greater by £263,275 than the surplus shown in the Revised Estimate published in March 1907.

Revised Estimate, 1907-8.

The Revised Estimate for 1907-8 shows, as compared with the Budget for that year, a decrease of £755,900 in net revenue, of £216,600 in net expenditure, and of £539,300 in the surplus.

The net decrease of £755,900 in the net Revenue is due to the following decreases and increases under the several heads :—*Decreases* : Land Revenue £1,707,100 (owing to the suspensions of revenue necessitated by the partial failure of the autumn monsoon of 1907), Railways £213,300 (a decrease which is chiefly due to larger expenditure on repairs and renewals, and which would have been considerably greater but for the change mentioned on page 3 in the method of calculating the interest charge to be debited to railways), Forest £149,700, other heads £142,100. *Increases* : Opium, £513,400, Customs £357,900, Irrigation £214,400 (mainly owing to the change in the method of calculating the charge for interest), Mint £178,000, other heads £192,600.

The decrease of £216,600 in the net Expenditure is also the result of considerable decreases and increases under various heads. The decreases occurred under Military Services £722,400 (mainly owing to the postponement of various special measures), Provincial Adjustments £509,100 (the balances of the Provincial Governments having been drawn upon to a greater extent than was anticipated), Political £119,700, Collection of Revenue £108,300, other heads £81,700. The increases occurred under Debt Services £705,100 (chiefly owing to the change already mentioned in the distribution of interest charges), Famine Relief and Insurance £182,200, Law Courts and Jails £111,400, Civil Works £105,200, and other heads £220,700.

Budget, 1908-9.

In view of the loss of revenue and increase of expenditure resulting from the unfavourable agricultural conditions in 1907-8 it is not practicable to remit taxation, or to undertake any expensive schemes of administrative improvements, during 1908-9. Provision is made, however, for grants to the Provincial Governments of £200,000 and £80,000, respectively, for sanitation and for the furtherance of the Police re-organization already in progress. It is intended that these grants shall be permanent.

The Budget Estimate of net revenue and expenditure is as follows :—

	£
Net Revenue	49,272,500
Net Expenditure	48,701,000
Surplus	<u>571,500</u>

As compared with the Revised Estimate for the previous year these figures shew an increase of £2,280,600 in net revenue, of £1,944,500 in net expenditure, and of £336,100 in the surplus.

The increase of £2,280,600 in the net revenue is explained in detail as follows :—

Increases are anticipated in—

	£	£
Land Revenue (chiefly in the United Provinces, Bombay and Burma)	1,443,500	
Railways	478,400	
Excise	194,800	
Stamps	126,700	
Irrigation	107,900	
Forest	103,300	
Salt, Tributes, Assessed Taxes, Customs, Telegraph, Registration and Provincial Rates	258,400	
Total increases in revenue	<u>2,713,000</u>	

	£	£
Brought forward	...	2,713,000
Decreases are anticipated in—		
Opium (owing to a reduction in the number of chests to be sold, and in the estimated yield per chest)	...	204,400
Mint (the estimated rupee coinage, on which a seigniorage of 2 per cent. is credited to Mint, is expected to be considerably less than in 1907-8)	...	148,100
Exchange and Post Office	...	79,900
Total decreases in revenue	...	432,400
Net increase of Revenue	...	2,280,600

The details of the increase of £1,944,500 in the net Expenditure are as follows:—

Increases are anticipated in—	£	£
Provincial Adjustments (provincial balances being drawn upon to a smaller extent)	...	501,900
Military Services (partly owing to postponement of various special measures from 1907-8)	...	363,800
Famine Relief and Insurance (chiefly in the United Provinces, the Central Provinces, and Bombay)	...	349,200
Police (owing to progress of schemes for the re-organisation of the police force)	...	311,100
Medical	...	276,300
Collection of Revenue	...	226,800
Education	...	168,100
Other heads	...	276,100
Total increases in Expenditure.	...	2,473,300
Decreases are anticipated in—		
Civil Works	...	215,700
Miscellaneous	...	133,400
Debt Services	...	98,300
Other heads	...	81,400
Total decreases in Expenditure	...	528,800
Net increase of Expenditure	...	1,944,500

Debt.

In 1906-7 a loan of 4½ crores of rupees (£3,000,000) was issued in India at an average price of 97·3 per cent. In England £2,000,000 3 per cent. Stock was offered for tender at a minimum price of £94 10s. per cent. The average price obtained was £94 16s. 5d. Of the proceeds of this loan £749,900 was used for the discharge of debentures of the Bombay, Baroda, and Central India Railway Company, and the remainder for advances to railway companies.

In 1907-8 a loan of 3 crores of rupees (£2,000,000) was issued in India, and loans of £3,500,000 and £5,000,000 in England. The loan of £3,500,000 was issued early in May, 1907, in the form of India 3½ per cent. Stock, subscribed at a fixed price of £98 10s. per cent. Of the proceeds, £701,700 was used for the discharge of debentures of the Bombay, Baroda, and Central India Railway Company and of the Madras Railway Company, whose undertaking was purchased on the 31st December, 1907, and the remainder for capital expenditure on State railways and advances to railway companies. The loan of £5,000,000, also in the form of 3½ per cent. Stock, was issued in January, 1908, in order to provide in advance for a portion of the capital requirements of 1908-9. The price of issue was £99 per cent. Of the proceeds, £798,800 will be used for the discharge of debentures of the Bombay, Baroda and Central India Railway Company in 1908-9, and the remainder for capital outlay on State railways in 1908-9, and for

advances to railway companies. In addition, £1,000,000 6 months' Sterling Bills were issued in October, 1907, at an average price of £97 18s. 4½d. per cent.

In the Budget for 1908-9 it is proposed to issue a loan of 3 crores (£2,000,000) in India for capital expenditure on railways and irrigation. In England £1,000,000 Sterling Bills were issued in April, 1908, at an average price of £96 15s. 10d., in replacement of those issued in October, 1907, and £2,500,000 in June, 1908, at an average price of £97 3s. 10d., to provide for capital expenditure on railways and to make good the reduction (due to the failure to sell bills on India) in the balances held by the Secretary of State in London.

Railways.

On the 31st of March, 1908, the length of Railways in India open for traffic was 30,286 miles, of which 985 were opened in 1907-8. The mileage under construction or sanctioned for construction was 2,457 miles, of which 301 were sanctioned in 1907-8.

The capital expenditure on Railways shewn in the Accounts for 1906-7 and Estimates for 1907-8 and 1908-9 is as follows :—

	Accounts, 1906-1907.	Revised Estimate, 1907-1908.	Budget, 1908-1909.
Expenditure not charged to Revenue :—	£	£	£
State railways (from money provided by State).	7,915,041	6,358,000	4,655,100
State railways (from money raised through Companies).	—	1,895,900	3,900,000
Old guaranteed Companies	234,923	—233,600	—
Other guaranteed or assisted Companies	1,534,440	2,118,500	1,442,900
Branch lines on firm guarantee	361	200	2,000
Local Boards	62,648	36,000	—
Expenditure charged to Revenue	4,337	9,600	1,000
Total outlay by Government or with Government assistance.	9,751,750	10,134,600	10,001,000
Branch lines not on firm guarantee ...	39,991	17,400	16,900
Total	9,791,741	10,152,000	10,017,900

The net traffic receipts in 1906-7 of open lines in which the Government is directly interested gave a return of 5·26 per cent. on the capital cost. Details relating to the several lines will be found on page 29, below.

The Railway Revenue Account shewed in 1906-7 a net receipt of £2,307,673, and in 1907-8 of £1,928,100. In the Budget for 1908-9 the net receipt is taken at £2,406,500. These results are arrived at after charging in the Account not only all interest charges but also the following payments in redemption of capital which are made partly through sinking funds and partly through the annuities created for the purchase of railways, viz. :—

	£
In 1906-7	752,137
In 1907-8	777,598
In 1908-9	865,745

The Madras Railway was purchased on the 31st December, 1907, by means of an annuity of £553,398 payable for 48½ years.

Irrigation Works.

The outlay on the construction of Major Irrigation Works incurred during the last two years and estimated to be incurred in the present year is as follows :—1906-7, £1,108,400 ; 1907-8 (Revised Estimate), £1,241,800 ; 1908-9 (Budget),

£1,383,300. The allotment for 1908-9 includes grants of £266,700 for the Upper Chenab Canal, £200,000 for the Upper Jhelum Canal, £116,700 for the Lower Bari Doab Canal, and £357,500 for various protective projects. Of the gross outlay on Minor Works, amounting to £856,900 in 1906-7, £860,900 in 1907-8 (Revised Estimate), and £908,800 in 1908-9 (Budget), a considerable portion is devoted to capital expenditure on new works, but is charged against the revenue of the year in which it is incurred.

The following table shews the total capital expenditure on Major Irrigation Works, and the net receipts :—

—	Capital Expenditure to End of the Year, excluding indirect charges.	Net Receipts during the Year (being gross receipts, less working expenses and interest charges).
	£	£
1906-7 	27,764,900	1,469,300
1907-8 (Revised Estimate) ...	29,348,400	1,240,600
1908-9 (Budget) 	30,731,800	1,421,600

Liabilities and Assets.

On the 31st of March, 1908, the debt of India amounted to £246,033,817 (viz. :—rupee debt, converted into sterling at 1s. 4d. the rupee, £88,552,743, and sterling debt, £157,481,074). There were also other obligations of the Government of India, including Savings Bank balances, Judicial and Departmental deposits, balances of Service Funds, &c., amounting to £20,459,760.

Up to the same date the Government of India had devoted £110,001,638 to the construction of Railways, and £29,348,434 to the construction of Irrigation Works. It had purchased from guaranteed companies (in some cases by cash payments, in others by annuities,* and in one case by the direct issue of India stock to the company) nine railways, on which, at the time of purchase, £108,092,385 had been spent from capital raised by the companies. It had advanced £12,469,744 (net) to Railway Companies, and had lent £13,401,619 (net) to Native States, Corporations, Agriculturists, &c. Other assets were the Gold Standard Reserve, on account of which £13,186,521 had been invested, £4,000,000 was held in the form of rupees, and £1,131,223 as part of the cash balances in England; the cash balances in India, £12,833,300; and the cash balances in England, £4,607,231 (in addition to the sum held on behalf of the Gold Standard Reserve).

Exchange and Remittance.

The sale by the Secretary of State in Council of bills and telegraphic transfers on India during the last three years has been as follows :—

£		
1905-6 ...	31,566,973	at an average rate of 1s. 4·043d. per rupee.
1906-7 ...	33,432,196	„ „ 1s. 4·084d. „
1907-8 ...	15,307,061	„ „ 1s. 4·029d. „

* The annuities now outstanding are :—East Indian Railway Annuity, £1,145,288 (of which £294,750 is deferred under the existing contract for working the line), running to 14th February, 1953; Eastern Bengal Railway Annuity, £116,851, running to 31st July, 1957; Scinde Punjab and Delhi Railway Annuity, £371,361, running to 31st December, 1958; Great Indian Peninsula Railway Annuity, £1,268,516, to 17th August, 1948; and Madras Railway Annuity, £553,398, to 1st April, 1956.

The sales include £3,640,000, £3,820,000, and £175,000, respectively, for telegraphic transfers on India against shipments of sovereigns from Australia and Egypt consigned to the Secretary of State in London.

Among the causes contributing to the falling-off in the demand for bills and transfers on India in 1907-8 the most important were the exceptionally large imports, the check to the normal growth of the value of the exports due to the partial failure of the autumn monsoon and to the low price of jute, and the stringency in the London money market caused by the financial crisis in the United States. Towards the close of the year the Secretary of State authorised the Government of India to invite applications in India, week by week, for sterling bills on London at the rate of exchange of 1s. 3 $\frac{2}{3}$ d. the rupee. The first sale took place on the 26th March. The total sales up to and including the 11th of June amounted to £4,178,000.

Gold Standard Reserve.

In accordance with a recommendation made by the Indian Currency Committee, it was decided that, with effect from 1st April, 1900, the net profit from the coinage of rupees should not be treated as revenue, but should be held as a special reserve. This profit amounted to £3,031,294 in 1900-1, £415,100 in 1901-2, £264,028 in 1902-3, £2,627,575 in 1903-4, £1,790,380 in 1904-5, £3,488,700 in 1905-6, £4,014,426 in 1906-7, and £1,127,000 in 1907-8. Up to 31st March, 1907, the whole of this profit, the bulk of which has been remitted to England for investment in British Government securities, was transferred to the Gold Standard Reserve. It has since been decided that, with effect from 1st April, 1907, half the profit accruing shall be used for capital expenditure on railways. The amount invested up to the 31st March, 1908, was £13,186,521, and the securities purchased were as follows:—£7,395,379 2 $\frac{1}{2}$ per cent. Consolidated Stock, £1,464,175 National War Loan 2 $\frac{3}{4}$ per cent. Stock, £500,000 Local Loans 3 per cent. Stock, £1,494,324 Transvaal Government 3 per cent. Guaranteed Stock, £538,720 Guaranteed 2 $\frac{3}{4}$ per cent. Stock, £1,000,000 3 per cent. Exchequer Bonds, and £1,575,000 Treasury Bills. In addition, a sum of £1,131,223 was held on the date mentioned in the Secretary of State's balances on account of the Reserve.

The sterling bills on London referred to in the preceding section on "Exchange and Remittance" have been met from the portion of the Gold Standard Reserve held in England, the sums received in India for the Bills being at the same time paid to the Reserve.

Home Charges.

The net Expenditure in England chargeable to Revenue was £18,333,943 in 1906-7, £17,849,400 in the Revised Estimate for 1907-8, and £17,988,500 in the Budget for 1908-9. The last-named amount is thus divided:—

Interest and Management of Debt, and payment of Interest	£
and Annuities on account of Railways and Irrigation	
Works	10,082,500
Payments in connection with Civil Departments in India ...	172,775
India Office (excluding pensions)	209,725
Army and Marine Effective Charges	847,300
Stores of all kinds charged against revenue	1,390,300
Furlough Allowances	848,000
Non-Effective Charges (Pensions and Gratuities)	4,437,900
Total	<u>17,988,500</u>

Besides this, the outlay on stores, &c., for the construction of State Railways and Irrigation Works was £2,631,059 in 1906-7, and is estimated at £2,349,800 in 1907-8, and £3,093,100 in 1908-9.

Seaborne Trade.

The following figures show the Exports from, and Imports into, India during the last three years :—

	1905-6.	1906-7.	1907-8.
<i>On Private Account.</i>	£	£	£
Imports of Merchandise	68,722,700	72,205,100	86,565,900
Exports of Merchandise	107,812,000	117,710,700	118,102,300
Net Exports of Merchandise	39,089,300	45,505,600	31,536,400
Net Imports of Gold	6,301,300	9,862,300	11,566,500
Net Imports of Silver	3,346,400	4,463,000	6,675,100
Total Net Imports of Treasure	9,647,700	14,325,300	18,241,600
Net Exports of Merchandise and Treasure on Private Account.	29,441,600	31,180,300	13,294,800
<i>Government Transactions.</i>			
Imports of Merchandise	6,019,800	5,956,400	4,428,100
Exports of Merchandise	78,400	72,000	84,900
Net Imports of Merchandise	5,941,400	5,884,400	4,343,200
Net Imports of Gold	—5,996,000	41,700	12,000
Net Imports of Silver	7,135,700	11,540,700	6,295,800
Total Net Imports of Treasure	1,139,700	11,582,400	6,307,800

Burden of Taxation.

	Accounts 1906-7.	Revised Estimate, 1907-8.	Budget, 1908-9.
	£	£	£
Salt	4,095,173	3,066,500	3,129,900
Stamps	3,985,706	4,188,700	4,315,400
Excise	5,835,462	6,131,600	6,326,400
Provincial Rates	514,785	523,000	531,700
Customs	4,232,499	4,857,000	4,894,000
Assessed Taxes	1,416,327	1,474,700	1,513,800
Registration	378,891	410,600	428,800
Total	20,458,843	20,652,100	21,140,000
According to the census taken in March, 1901, the population of British India was 232,072,832. On this basis, and allowing for an increase of population at the rate of one-half per cent. per annum, the payment per head, on the assumption that the whole of the taxation, including that on Salt, Excise, and Customs, is paid by the inhabitants of British India, is ...	s. d.	s. d.	s. d.
If the payment of Land Revenue be added, the average becomes...	1 8½	1 8½	1 9½
	3 3½	3 2½	3 4½

T. R. BUCHANAN.

India Office,
16th June, 1908.

APPENDIX I.

Notes on the main heads of Net Revenue and Expenditure.

Appendix
I.Notes on
the
main heads
of Net
Revenue
and Ex-
penditure.

NET REVENUE.

Land Revenue.

	£
Accounts, 1906-7	19,066,832
Budget, 1907-8	19,488,100
Revised Estimate, 1907-8	17,781,200
Budget, 1908-9	19,224,700

In 1906-7 harvests were good over the whole of India with the exception of a few eastern districts.

When the Budget Estimate for 1907-8 was framed the agricultural prospects were excellent,⁹ and increased collections of land revenue were anticipated in every province except Bombay, where a considerable portion of the amounts suspended in previous years had been collected in 1906-7. Owing to the partial failure of the autumn monsoon this expectation was not realised. In the province most severely affected, the United Provinces, the collections were less than was estimated by £945,300, and there were minor decreases in all the other provinces, except Eastern Bengal and Assam and the North-West Frontier Province.

In the Budget for the current year it is assumed that the revenue from the spring harvests will be considerably below the normal in the provinces which are suffering from scarcity, but that a favorable autumn monsoon will subsequently allow of the collection of substantial arrear payments. An improvement of £767,800, as compared with the Revised Estimate for 1907-8, is anticipated in the United Provinces, of £417,900 in Bombay, and of £193,000 in Burma.

Forest.

	£
Accounts, 1906-7	1,763,627
Budget, 1907-8	1,886,700
Revised Estimate, 1907-8	1,737,000
Budget, 1908-9	1,840,300

The chief variations occur in Burma, in which province more than one-third of the total revenue is obtained.

Tributes.

	Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.
Receipts	£ 600,986	£ 598,500	£ 558,600	£ 617,700
Assignments and Compensa- tions, and Refunds and Drawbacks.	200,230	194,900	198,300	195,100
Net revenue	400,756	403,600	360,300	422,600

The most important of the receipts under this head is the tribute of £233,000 from Mysore; the most important of the "assignments and compensations" is the payment of £167,000 to the Nizam of Hyderabad under the arrangement for the administration of Berar.

Appendix
I.*Opium.*

Notes on the main heads of Net Revenue and Expenditure.				Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.
				£	£	£	£
Receipts	...	...	...	5,660,528	4,851,100	5,222,900	4,842,900
Charges	...	...	...	1,916,755	1,808,400	1,666,800	1,491,200
Net revenue	...	...	...	3,743,773	3,042,700	3,556,100	3,351,700

The opium revenue is collected in different ways in different parts of India. In certain districts of Bengal and the United Provinces the poppy is cultivated under a system of advances by the Government, who manufacture the drug for sale by auction at Calcutta. About nine-tenths of the produce is sold for export, and the remainder is issued to the Excise and Medical Departments, under strict regulations, for consumption in India, the profits from its sale being credited under Excise. About seven-eighths of the net revenue under Opium is obtained from the Calcutta sales. The bulk of the remainder is derived from a pass duty levied on each chest of opium despatched from the group of Native states known as Malwa. The opium expenditure consists chiefly of payments to the cultivators in Bengal.

The Budget Estimate for 1907-8 anticipated a large reduction in the receipts because, in consequence of negotiations with the Chinese Government, it was proposed to reduce the sale of Bengal opium during the year from 52,800 chests, the number sold in 1906-7, to 49,200. It was also thought prudent to take the average price at a somewhat lower figure than in 1906-7. The number of chests sold was below the estimate, but the prices realised have exceeded expectation, the average obtained being Rs. 1,350 per chest against Rs. 1,250 taken in the Budget. In Malwa the opium crop was good and the exports were considerably higher than in 1906-7. The decrease in expenditure results from the contraction of the poppy-growing area in Bengal.

The number of chests of Bengal opium to be sold in 1908-9 is 45,900, a reduction of 3,000 as compared with the number sold in 1907-8. On the other hand the payments to cultivators will be somewhat less than in 1907-8, as the crop sown last winter is expected to yield a poor harvest, and the advances for next year's crop will be made on an area substantially reduced in accordance with the accepted policy of helping the Chinese reforms. The exports of Malwa opium are expected to be slightly higher.

Statistics are appended :—

	Bengal.		Bombay.		Chests of Bengal Opium produced.	Payments to Cultivators, including purchase of Opium.
	Chests sold.	Average price.	Chests of Malwa Opium passed for Export.	Rate of Duty per Chest.		
Accounts, 1905-6	49,200	Rs. 1,434	14,235	Rs. 600	55,501	£ 1,720,964
Accounts, 1906-7	52,800	1,391	13,792	600	48,750	1,744,008
Budget, 1907-8	49,200	1,250	13,292	600	—	1,630,700
Revised Estimate, 1907-8	48,900	1,350	15,000	600	38,125	1,500,100
Budget, 1908-9	45,900	1,300	15,100	600	—	1,320,000

<i>Salt.</i>						Appendix I.
						£
Net Receipts, 1902-3 ...	...	...	...	...	5,931,933	Notes on the main heads of Net Revenue and Ex- penditure.
„ „ 1903-4 ...	...	...	...	...	4,981,704	
„ „ 1904-5 ...	...	...	...	...	5,093,466	
„ „ 1905-6 ...	...	...	...	...	4,109,939	
„ „ 1906-7 ...	...	...	...	...	4,095,173	
„ „ 1907-8 (Revised Estimate)	...	...	...	...	3,066,500	
„ „ 1908-9 (Budget)	...	...	...	...	3,129,900	

The decreases in 1903-4, 1905-6, and 1907-8 are due to successive reductions in the rate of duty, which has been lowered during this period from 2½ rupees (3s. 4d.) to one rupee (1s. 4d.) per maund of 82½ lb. These reductions have been followed by a marked increase of consumption. The following figures show the consumption of salt in India, including Burma :—

1902-3	...	...	...	36,663,000	maunds of 82½ lb.
1903-4	...	...	...	37,603,000	" "
1904-5	...	...	...	39,132,000	" "
1905-6	...	...	...	40,729,000	" "
1906-7	...	...	...	43,086,000	" "
1907-8 (Revised Estimate)	...	...	...	44,289,000	" "
1908-9 (Budget)	...	...	...	47,192,000	" "

<i>Stamps.</i>					£
Accounts, 1906-7	...	...	...	...	3,985,706
Budget, 1907-8	...	...	...	...	4,121,600
Revised Estimate, 1907-8	...	...	...	...	4,188,700
Budget, 1908-9	...	...	...	...	4,315,400

About two-thirds of the revenue is derived from court fee stamps and the remainder from commercial and other stamps.

<i>Excise.</i>					£
Accounts, 1906-7	...	...	...	...	5,835,462
Budget, 1907-8	...	...	...	...	6,154,600
Revised Estimate, 1907-8	...	...	...	...	6,131,600
Budget, 1908-9	...	...	...	...	6,326,400

The Excise Revenue has been steadily expanding since 1897-8, when the net receipts were only £3,609,400. In 1907-8 the increase was greatest in Madras (£156,000), due mainly to a higher revenue from country spirits, Bombay (£80,900), Bengal (£61,300), and Eastern Bengal and Assam (£48,500). There was a decline of £65,000 in the Central Provinces and of £27,100 in the United Provinces. An improvement in all provinces is anticipated in 1908-9.

<i>Provincial Rates</i>					£
Accounts, 1905-6	...	...	...	...	2,792,257
Accounts, 1906-7	...	...	...	...	514,785
Budget, 1907-8	...	...	...	...	525,600
Revised Estimate, 1907-8	...	...	...	...	523,000
Budget, 1908-9	...	...	...	...	531,700

The great reduction in the receipts under this head is partly due to the abolition in April, 1906, of village service cesses, amounting to £547,900 a year, but mainly to the exclusion from the Government accounts, with effect from the same date, of the transactions of District Boards and certain other local bodies, the bulk of whose revenue is derived from these rates (*see* page 3).

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<i>Customs.</i>					£
Accounts, 1906-7	...	...	...	...	4,232,499
Budget, 1907-8	...	...	...	...	4,499,100
Revised Estimate, 1907-8	...	...	...	...	4,857,000
Budget, 1908-9	...	...	...	...	4,894,000

The gross receipts during the past three years, and the budget figures for the current year, are as follows :—

	Accounts, 1905-6.	Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.
Import duties :—	£	£	£	£	£
On Cotton Manufactures ...	886,000	860,900	900,000	1,003,300	1,000,000
On Liquors	649,300	566,000	668,000	666,700	700,000
On Silver Bullion and Coin...	195,600	272,000	246,700	336,700	286,700
On other Metals and Manu- factures of Metals.	205,200	230,100	233,300	296,700	286,700
On other Manufactured Articles.	551,900	565,600	563,300	656,700	663,300
On Petroleum	244,300	251,800	266,700	303,300	306,700
On other Articles	667,900	709,800	760,900	800,600	820,200
Excise duty on Cotton Goods ...	180,400	193,400	193,300	216,700	236,700
Export Duty on Rice	767,400	702,100	783,300	683,300	700,000
Total	4,348,000	4,351,700	4,595,500	4,964,000	5,000,300

The improvement in 1907-8 was remarkable. As will be seen from the table, it occurred chiefly in the receipts from cotton manufactures (£142,400), liquors (£100,700), manufactured articles (£91,100), metals and manufactures of metals other than silver (£66,600), silver (£64,700), and petroleum (£51,500). Statistics regarding imports will be found in Appendix V. (pages 32 to 35). The falling-off in the receipts from the export duty on rice is due to the famine, large quantities of rice which would ordinarily have been consigned abroad from Burma having been diverted to Indian ports.

<i>Assessed Taxes.</i>					£
Accounts, 1906-7	...	...	...	...	1,416,327
Budget, 1907-8	...	...	...	...	1,425,100
Revised Estimate, 1907-8	...	...	...	...	1,474,700
Budget, 1908-9	...	...	...	...	1,513,800

The receipts shewn under this head are almost entirely derived from Income Tax. The tax is levied on non-agricultural incomes of Rs. 1,000 a year or more at the rate (approximately) of 2 per cent. on incomes from Rs. 1,000 to Rs. 2,000, and 2½ per cent. on incomes of Rs. 2,000 or more.

<i>Registration.</i>					£
Accounts, 1906-7	...	...	...	...	378,891
Budget, 1907-8	...	...	...	...	390,200
Revised Estimate, 1907-8	...	...	...	...	410,600
Budget, 1908-9	...	...	...	...	428,800

The receipts are principally derived from fees for registering documents.

<i>Post Office.</i>					
	Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.	
Receipts	£	£	£	£	
Charges	1,751,146	1,795,700	1,833,500	1,912,100	
	1,602,933	1,689,800	1,717,100	1,815,600	
Net revenue	148,213	105,900	116,400	96,500	

The postal rates for both inland and foreign letters and for parcels were reduced from the 1st October, 1907, at an estimated cost of £200,000 a year. The reduction of rates has, however, been followed by an increase in the volume of business, and the diminution in the net revenue has been less than was anticipated.

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Telegraph.

	Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.
	£	£	£	£
Receipts	953,006	991,900	1,004,100	1,037,900
Charges	1,126,205	1,080,100	1,090,500	1,094,600
<i>Net charge</i>	<i>173,199</i>	<i>88,200</i>	<i>86,400</i>	<i>56,700</i>

The figures given represent the combined results of the working of the Indian Telegraph Department and the Indo-European Telegraph Department.

The charges include the following amounts for capital outlay, mainly on account of the Indian Telegraph Department:—1906-7, £377,073; 1907-8 (Revised Estimate), £278,200; 1908-9 (Budget), £273,000.

Railways.

	Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.
	£	£	£	£
State Railways :—				
Gross Receipts	25,781,078	26,749,500	27,427,500	29,072,900
<i>Working Expenses</i>	<i>12,855,945</i>	<i>13,164,100</i>	<i>14,357,400</i>	<i>14,959,700</i>
Net Traffic Receipts	12,925,133	13,585,400	13,070,100	14,113,200
<i>Surplus Profits paid to Companies, &c.</i>	<i>396,300</i>	<i>400,900</i>	<i>424,700</i>	<i>436,000</i>
<i>Interest charges—</i>				
<i>Interest on capital spent or advanced by the State.</i>	<i>5,548,410</i>	<i>6,264,900</i>	<i>5,814,500</i>	<i>6,080,100</i>
<i>Interest on capital deposited by Companies.</i>	<i>1,409,022</i>	<i>1,510,500</i>	<i>1,464,800</i>	<i>1,693,700</i>
<i>Annuities in purchase of Railways.</i>	<i>2,869,366</i>	<i>2,869,400</i>	<i>2,869,400</i>	<i>3,268,200</i>
<i>Sinking Funds</i>	<i>148,896</i>	<i>153,900</i>	<i>154,100</i>	<i>159,600</i>
<i>Total</i>	<i>10,371,994</i>	<i>11,199,600</i>	<i>10,727,500</i>	<i>11,637,600</i>
Net Receipts	2,553,139	2,385,800	2,342,600	2,475,600
Guaranteed Railways :—				
<i>Net charge to the State</i>	<i>227,652</i>	<i>208,300</i>	<i>374,800</i>	—
<i>Miscellaneous charges (net)</i>	<i>17,814</i>	<i>36,100</i>	<i>39,700</i>	<i>69,100</i>
Net Receipts from all Railways.	2,307,673	2,141,400	1,928,100	2,406,500

General.—As mentioned on page 3, the distribution of the charges for interest on the debt of the Government of India has been altered, with the effect of diminishing the interest payments charged to the Railway Revenue Account. But for this change the net revenue derived from the working of the railways, as shewn in the Accounts for 1906-7, the Revised Estimate for 1907-8, and the Budget for 1908-9, would have been less by about £500,000 in each case. The Budget for 1907-8, on the other hand, was framed before the new system of distribution was introduced (and also before the Accounts for 1906-7 were rendered).

Appendix I. Before 1899–1900 the Railway Revenue Account always shewed a net charge. The figures from that year onwards are as follows :—

Notes on the main heads of Net Revenue and Expenditure.					£
	1899–1900	...	...	Net receipt	76,756
	1900–1	...	...	"	325,124
	1901–2	...	...	"	846,616
	1902–3	...	...	"	228,949
	1903–4	...	...	"	860,669
	1904–5	...	...	"	2,105,438
	1905–6	...	...	"	2,001,966
	1906–7	...	...	"	2,307,673
	1907–8 (Revised Estimate)			"	1,928,100
	1908–9 (Budget)	...		"	2,406,500

State Railways.—The profit derived by the State from the railways arises from the State lines, under which head are included not only the lines worked by the State (of which the most important are the North-Western, Eastern Bengal, and Oudh and Rohilkhand systems), but also lines which, while classified as State railways, are worked by companies, and have in most cases been constructed by companies. Among the most important of the lines included in the latter class are the East Indian, Great Indian Peninsula, Bengal-Nagpur, Bombay Baroda and Central India, Indian Midland, Rajputana-Malwa, Southern Mahratta, South Indian, Madras (purchased by the Secretary of State on the 31st December, 1907), Assam-Bengal, and Burma Railways. For some years the gross receipts of the State lines have been growing rapidly. Excluding, for the purpose of comparison, the receipts of the Bombay, Baroda and Central India Railway, which was purchased on the 31st December, 1905, and of the Madras Railway, the gross receipts for 5 years are as follows :— 1904–5, £22,900,000 ; 1905–6, £23,315,000 ; 1906–7, £24,483,000 ; 1907–8, (Revised Estimate), £25,815,000 ; 1908–9 (Budget), £26,486,000.

Including the receipts of the Bombay, Baroda and Central India Railway, and of the Madras Railway, the figures are :—

1904–5.	1905–6.	1906–7.	Revised Estimate, 1907–8.	Budget Estimate, 1908–9.
£	£	£	£	£
25,055,000	25,505,000	26,835,000	28,241,000	29,073,000

The result of the working of the State Railways in 1907–8 was less favourable than was expected, the expansion of receipts being more than counterbalanced by the increase of expenditure. This was largely due to heavy expenditure on renewals and repairs, chiefly on the East Indian, Great Indian Peninsula, Rajputana-Malwa, Oudh and Rohilkhand, and Eastern Bengal Railways. A steady cause of increased working expenses is the pressing demand for more rapid transport facilities and more conveniences to the travelling public. The great rise in the price of coal has also seriously affected railway expenditure, and the increase in the cost of living in India, for Europeans as well as for Indians, has necessitated a considerable enhancement of the rates of pay of the working staff. As compared with 1906–7, the following are the chief variations, apart from those due to the inclusion of the figures of the Madras Railway for the last quarter of 1907–8 :— *Gross receipts* : Increases—North-Western Railway, £492,700 ; East Indian, £176,300 ; South Indian, £138,900 ; Great Indian Peninsula, £103,200 ; Oudh and Rohilkhand, £102,900. *Working expenses* : Increases—North-Western, £300,600 ; Great Indian Peninsula, £236,900 ; Oudh and Rohilkhand, £149,200 ; Eastern Bengal, £140,100 ; East Indian, £94,900 ; Bengal-Nagpur, £94,000.

The Budget Estimate for 1908–9 anticipates an improvement of £1,023,100 in the net traffic receipts. The gross receipts are expected to be higher by £1,600,800, while the increase in the working expenses is estimated at only

£577,700. Of the net improvement, £238,700 is due to the inclusion in the State Railway figures of the receipts of the Madras line (formerly a Guaranteed railway) for the whole twelve months (only three months' receipts having been included in the State Railway figures in 1907-8), but, apart from this exceptional addition, which is accompanied by an increase in Annuity payments, almost all lines show an improved return, the chief increases being as follows :— Eastern Bengal Railway, £153,300 ; Bengal-Nagpur, £126,700 ; Rajputana-Malwa system, £113,300 ; Great Indian Peninsula, £104,000.

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The Annuities shewn among the charges of the State Railways were created for the purchase by the State of the East Indian, Eastern Bengal, Scinde Punjab and Delhi, Great Indian Peninsula, and Madras Railways. The payments include the following amounts in redemption of capital, viz. :— 1906-7, £752,137 ; 1907-8, £777,598 ; 1908-9, £865,745.

Guaranteed Railways.—An important feature of the railway estimates for 1908-9 is the disappearance of the sub-head "Guaranteed Companies," owing to the purchase by the Secretary of State on the 31st December, 1907, of the last of the lines owned by the companies in question, viz., the Madras Railway. The purchase price, as calculated in accordance with the provisions of the contracts between the Government and the Company was £12,819,558, and purchase was effected by means of an annuity of £553,398 for 48½ years, running from 1st January, 1908. In consequence of the purchase of this line a re-arrangement has been effected of the railway systems of Southern India. The system hitherto worked by the Southern Mahratta Railway Company has been enlarged so as to embrace a portion of the purchased line together with the railway hitherto known as the "North-East Line, Madras Railway," and a section of the South Indian Railway system. The name of the company has been changed to "The Madras and Southern Mahratta Railway Company," and its capital is to be increased by £1,500,000, stock for this amount being issued to Madras Railway annuitants in exchange for £65,016 of annuity. An agreement has been reached for altering the proportion in which the net earnings of the line are divided between the Secretary of State and the Company.

Irrigation.

	Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.
MAJOR WORKS :	£	£	£	£
Receipts	3,349,212	3,250,900	3,213,100	3,430,600
Working Expenses	944,632	932,100	984,900	976,400
Interest on Debt	935,231	1,122,900	987,600	1,032,600
Net Receipts	1,469,349	1,195,900	1,240,600	1,421,600
MINOR WORKS :				
Receipts	183,705	170,000	234,900	209,700
Expenditure	856,898	965,700	860,900	908,800
Net Expenditure	673,193	795,700	626,000	699,100
Net Receipts, Major and Minor Works.	796,156	400,200	614,600	722,500

More than two-fifths of the revenue under this head is obtained in the Punjab.

In 1906-7 the agricultural conditions were favourable for an extension of irrigation, especially in the United Provinces and the Punjab, and the net revenue for the year was the highest on record. In 1907-8 the partial failure of the wheat crop necessitated large remissions on the Lower Chenab and Lower Jhelum canals in the Punjab. In the Budget for 1908-9 no provision is made for such loss, and it is also assumed that there will be a development of irrigation on the latter canal.

The alteration in the distribution of the charges for interest on the debt of the Government of India (*see* pages 3 and 19) has had the effect of reducing

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the portion of those charges which is debited to the head of irrigation by about £140,000 a year. This will be seen on a comparison of the figure given in the Budget Estimate for 1907-8 with that shewn in the Revised Estimate, the former having been computed before the new system was introduced.
A special grant of £33,300 has been made by the Government of India for expenditure on Minor Works in 1908-9.

Mint.

	Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.
	£	£	£	£
Receipts	419,498	245,300	438,000	272,100
Charges	166,898	150,800	165,500	147,700
Net Receipts ...	252,600	94,500	272,500	124,400

The Mints are credited with a seigniorage of 2 per cent. on fresh issues of rupees, to cover the cost of coinage. In 1906-7 the coinage was exceptionally heavy, and the Mint receipts were accordingly high. The output continued to be heavy during the earlier months of 1907-8, but the conditions of trade in the latter half of the year brought about a marked slackening, and finally a cessation, of the demand for rupees, and the total coinage was considerably less than in the previous year. On the other hand, famine brought an extraordinary demand for bronze coinage in 1907-8, and there was also an unexpectedly heavy demand for the new nickel one-anna piece, which was coined for the first time during this year.

The Budget for 1908-9 is based on the assumption that the rupee coinage will be very much less than it was in the past year, that the great demand for bronze will cease with the return of favourable agricultural conditions, and that the new nickel coin will be in moderate request.

Including the re-coinage of withdrawn issues, the coinage of rupees during the last three years has been as follows :—

	Rs.	£
1905-6	195,987,621	(13,065,841)
1906-7	253,703,283	(16,913,552)
1907-8	173,070,146	(11,538,010)

As mentioned on page 9 above, the whole of the net profit on the coinage of rupees up to 31st March, 1907, was transferred to the Gold Standard Reserve, but it has since been decided to use for capital expenditure on railways half the profit accruing from 1st April, 1907.

The cost of the silver bought for coinage into rupees and its coined value are not included in the "Mint" expenditure and receipts, as shewn in the Revenue and Expenditure Accounts of the Government of India, but are recorded outside those accounts under appropriate deposit heads.

Exchange.

	£
Accounts, 1906-7	190,022
Budget, 1907-8	133,300
Revised Estimate, 1907-8	60,000
Budget, 1908-9	Nil.

The average rate obtained for bills and telegraphic transfers sold by the Secretary of State for India was 16·084 pence per rupee in 1906-7 and 16·029 pence in 1907-8. Of the small net receipt in 1907-8 £40,100 represents gain in connection with the transactions of the late Madras Railway Company.

No revenue is expected under this head in 1908-9.

NET EXPENDITURE.

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	Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.
	£	£	£	£
Total payments for Interest on Debt ...	7,903,353	7,950,700	8,099,800	8,333,700
<i>Deduct amount chargeable to Railways (included under Railways, page 15).</i>	5,548,410	6,264,900	5,814,500	6,080,100
<i>Deduct amount chargeable to Irrigation (included under Irrigation, page 17).</i>	935,231	1,122,900	987,600	1,032,600
Interest on Ordinary Debt	1,419,712	562,900	1,297,700	1,221,000
Interest on other Obligations... ..	496,172	501,500	501,600	513,800
Total	1,915,884	1,064,400	1,799,300	1,734,800
Interest Receipts	972,193	951,000	980,800	1,014,600
Net Interest Payments other than those chargeable to Railways and Irrigation.	943,691	113,400	818,500	720,200

The total debt is classified in the Accounts as (1) Public Works Debt and (2) Ordinary Debt. The amount entered as belonging to the former category is the equivalent of the total capital expenditure which has been incurred by the State on Public Works, together with the amount advanced to Railway Companies for capital expenditure, and the interest on this portion of the debt is charged under Railways and Irrigation (*see* pages 15 and 17 above); the "Ordinary Debt" consists of the remainder of the debt. In any year in which, owing to the use of surplus revenue or deposits for the construction of Public Works, the capital expenditure of the year exceeds the amount of debt incurred in the year, the effect of this system of classification is to cause a decrease to be shown in the amount of the Ordinary Debt and of the interest thereon.

Since the Budget for 1907-8 was framed, the distribution of the charges for interest between the two portions of the debt has been altered. Hitherto the practice has been to charge to the Railway Revenue Account the actual interest paid on debt specifically created for the purchase of railway lines or the redemption of liabilities, or to provide funds for advances to companies; but to use a fixed all-round rate for calculating the amount of interest to be charged, under Railway Revenue Account and Irrigation, on all other capital expenditure on Public Works. The rate used for this purpose was revised in 1901, but it was found in 1907 to be in excess of the average rate of interest now paid on the non-specific debt, with the result of unduly increasing the portion of the interest charges debited to the Railway and Irrigation Accounts, and of unduly diminishing the remaining portion, which is treated as interest on Ordinary Debt. It has now been decided to divide the interest charges on the non-specific debt, which is more than four-fifths of the whole, in the same proportions as the debt itself is divided. A change has also been made, with the object of securing greater accuracy, in the distribution of the capital of the total debt between "Ordinary Debt" and "Public Works Debt." The net effect of these various changes, which have been carried out in the Accounts for 1906-7, the Revised Estimate for 1907-8, and the Budget for 1908-9, has been to diminish by about £600,000 the portion of the interest payments charged to the Railways and Irrigation Accounts and to increase by the same amount the portion charged to the head "Debt Services." This will be seen on comparing the figures of the Budget Estimate for 1907-8 in the table above, which were calculated under the former system, with those of the Revised Estimate for the same year, due allowance being made for the increase in the total debt.

The increase in 1908-9 (as compared with 1907-8) in the total payments, and in the portion chargeable to Railways, is mainly due to the fact that a full

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year's interest has to be paid on the loan of £5,000,000 raised in January, 1908 (*see* page 6), whereas no payment on account of this loan was required in 1907-8. Provision has also been made in the Budget for the interest on the rupee loan which it is proposed to raise in India.

The most important of the "other obligations" referred to in the table on page 19 are the Savings Banks Balances and the Service Funds and other special funds held by the Government of India.

The amount of the debt and other obligations is shewn on page 8 above.

The receipts shewn in the table on page 19 include the interest received in India on loans granted by the Government to Native States, Municipalities, Port Trusts, Railway Companies, &c., and in England on the balances of the Secretary of State in Council. They also include the interest, in India and England, on the invested portion (now £8,000,000) of the Paper Currency Reserve.

Military Services.

I. ARMY.

Net Army Charges in India.

	Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.
NET CHARGES IN INDIA.				
Effective Services :—	£	£	£	£
Army and Garrison and Ad- ministrative Staff.	565,818	575,000	562,100	577,500
Regimental Pay, Allowances and Charges.	6,901,315	7,167,500	6,900,500	7,173,800
Supply and Transport... ..	2,929,700	2,967,000	2,917,300	3,054,700
Medical Establishments, Sup- plies and Services.	551,369	564,100	538,300	539,400
Ordnance Establishments, Stores and Camp Equipage.	703,341	878,700	764,700	774,500
Miscellaneous Services ...	168,710	184,300	194,200	154,000
Other Effective Services ...	990,830	1,002,800	986,400	988,100
Total Effective Services ...	12,811,083	13,333,400	12,863,500	13,262,000
Non-effective Charges	582,447	586,400	583,000	608,000
Total, India	13,393,530	13,919,800	13,446,500	13,870,000

Net Army Charges in England.

	Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.
Effective Services :—				
Charges—	£	£	£	£
Payments to War Office for British Forces in India.	654,187	667,500	631,000	670,000
Furlough Allowances	457,774	429,000	482,900	461,000
Indian Troop Service and Passage of Officers.	367,133	362,500	339,500	339,100
Miscellaneous	694,962	42,400	111,200	47,000
Stores	1,573,031	794,000	658,700	613,000
Total	3,092,900	2,295,400	2,223,300	2,130,100

*Net Army Charges in England—continued.*Appendix
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	Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.	Notes on the main heads of Net Revenue and Ex- penditure.
<i>Effective Services—continued.</i>					
Receipts—					
Contribution of Imperial Government towards Transport Charges.	130,000	130,000	130,000	130,000	
Contribution of Imperial Government towards Military Charges for Aden.	100,000	100,000	100,000	100,000	
Payment by Imperial Government (on capitation basis) for Indian Native Regiments serving in the Colonies.	95,000	90,000	82,000	86,600	
Transfer and Sale of Stores, Recoveries, &c.	116,956	40,100	34,100	34,200	
Total	441,956	360,100	346,100	350,800	
Net Charge for Effective Services ...	2,650,944	1,935,300	1,877,200	1,779,300	
Non-effective Charges (net) ...	2,395,802	2,432,000	2,422,700	2,442,000	
Total, England	5,046,746	4,367,300	4,299,900	4,221,300	
Grand Total	18,440,276	18,287,100	17,746,400	18,091,300	

It will be seen from the table above that in the Revised Estimate for 1907-8 the net "Army" charges are lower by £693,876 than in the Accounts for 1906-7, while the amount provided in the Budget for 1908-9 is higher by £344,900 than that shewn in the Revised Estimate. The chief variations occur in the expenditure on measures for improving the efficiency of the Army, to which reference was made in the Financial Statement of the Government of India, published in March, 1905. The bulk of this expenditure is brought to account under the head "Army," the remainder being included under "Military Works," "Special Defences," and "Marine." The annual grant provided to meet this expenditure was reduced in the Budget for 1907-8 from £2,166,700 to £1,666,700, to which, however, was added £316,700 on account of lapses, making £1,983,400 in all. Owing partly to the postponement of certain measures for further consideration, the actual outlay was only £1,462,200. The grant for 1908-9 has been fixed at £1,666,700.

In the following table the figures relating to the head "Army" in the Estimates for 1907-8 and 1908-9 are analysed so as to shew separately the Ordinary Expenditure and the Special Expenditure, the latter division including the outlay on the measures originally included in the scheme for the improvement of the Army and on some other similar measures.

	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.
<i>Ordinary Expenditure :—</i>			
India	£ 13,556,400	£ 13,345,600	£ 13,442,700
England	4,635,600	4,590,400	4,533,300
Total	18,192,000	17,936,000	17,976,000
<i>Special Expenditure :—</i>			
India	1,037,100	732,000	930,700
England	121,800	86,600	65,800
Total	1,158,900	818,600	996,500
Total Expenditure	19,350,900	18,754,600	18,972,500
Deduct Receipts	1,063,800	1,008,200	881,200
Net Charges	18,287,100	17,746,400	18,091,300

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In the ordinary expenditure the most important variations in 1908-9, as compared with the Revised Estimate for 1907-8, are the provision of an additional sum of £130,100 for food for the troops, owing to the rise in prices resulting from the prevailing scarcity, and a reduction of £116,700 in expenditure due to the fact that the British troops in India are now required to make their own arrangements for the purchase of malt liquor. This reduction of expenditure is accompanied by a corresponding reduction in the receipts.

After the Budget for 1908-9 was framed it became necessary to despatch a punitive expedition against the Mohmands. The cost of the expeditionary force, the operations of which have now been concluded, has not yet been reported, but it will probably be about £150,000.

Of the sum of £1,666,700 provided (under the heads "Army," "Military Works," "Special Defence Works," and "Marine") for special expenditure in 1908-9 about £666,700 is required to meet recurring expenditure on measures already brought into effect, and the provision for new expenditure is therefore about £1,000,000. The bulk of this sum will be required for work already in progress, but it includes some provision for new measures. Among the objects to which it is proposed to devote the portion chargeable to the head "Army" are the following:—*Measures already in progress*: Re-armament of Horse and Field Artillery; re-organization of Horse and Field Batteries and Ammunition Columns; addition of two batteries of Native Mountain Artillery; increase to the Native Army Reserve; provision of lines for native troops and purchase of land for this purpose. *New measures*: Addition of two further batteries of Native Mountain Artillery; increase in the reserve of rifles.

2.—Military Works.

					£
Accounts, 1906-7	...	...	...	...	1,076,516
Budget, 1907-8	...	...	...	...	1,210,300
Revised Estimate, 1907-8	...	...	...	...	1,077,500
Budget, 1908-9	...	...	...	...	1,142,500

The Budget includes a provision of £532,100 for Special Expenditure, chiefly on buildings, acquisition of land, and other outlay in connection with the redistribution of the Army.

3.—Special Defence Works.

					£
Accounts, 1906-7	...	...	...	...	138,358
Budget, 1907-8	...	...	...	...	145,700
Revised Estimate, 1907-8	...	...	...	...	118,200
Budget, 1908-9	...	...	...	...	109,400

This expenditure is for a scheme of special coast defences begun in 1903-4. The whole of the outlay is met from the grant for "Special" Military Expenditure.

4.—Marine.

					£
Accounts, 1906-7	...	...	...	...	515,210
Budget, 1907-8	...	...	...	...	453,200
Revised Estimate, 1907-8	...	...	...	...	431,800
Budget, 1908-9	...	...	...	...	394,500

The figures given represent the net expenditure on the Royal Indian Marine, the contribution towards the expenses of H.M. Ships in Indian Waters, and the retired pay of certain survivors of the old Indian Navy.

As mentioned above at page 3, these charges have hitherto been shewn under the head "Civil Departments—Marine."

The variations occur chiefly in the "Special" expenditure, the sums included on this account being as follows:—1906-7, £151,000; 1907-8 (Budget), £86,800; 1907-8 (Revised Estimate), £58,300; 1908-9, £28,700.

*Collection of Revenue.*Appendix
I.

	Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.	Notes on the main heads of Net Revenue and Ex- penditure.
	£	£	£	£	
Land Revenue	3,353,922	3,524,400	3,522,500	3,574,800	
Forest	948,866	1,070,900	985,600	1,050,300	
Salt (including cost of pro- duction).	364,489	370,700	364,300	340,500	
Stamps	186,266	191,200	195,700	212,800	
Excise	274,609	314,900	294,200	385,500	
Provincial Rates	4,419	3,800	5,700	6,200	
Customs	200,184	207,500	205,500	221,200	
Assessed Taxes	23,828	24,300	24,300	25,500	
Registration	199,431	209,100	210,700	218,500	
Total	£ 95,556,014	5,916,800	5,808,500	6,035,300	

The variations under Land Revenue occur mainly in connection with Survey and Settlement operations and with changes in Provincial and Village establishments. Extra allowances have been granted to these establishments in several Provinces as compensation for the dearness of grain.

The charges for Forest conservancy, &c., increase with the work of the Department and the growth of the gross revenue.

Civil Departments.

Accounts, 1906-7	£ 11,545,529
Budget, 1907-8	11,955,900
Revised Estimate, 1907-8	11,941,800
Budget, 1908-9	12,896,700

The following table shews the charges for the several departments :—

	Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.
	£	£	£	£
General Administration ..	1,524,835	1,581,300	1,622,400	1,674,400
Law Courts and Jails ...	2,860,459	2,818,200	2,929,600	2,934,400
Police	3,384,395	3,645,800	3,629,500	3,940,600
Ports and Pilotage ...	17,048	37,500	48,700	57,500
Education	1,207,594	1,311,100	1,302,800	1,470,900
Ecclesiastical	125,906	131,900	125,100	129,400
Medical	760,742	788,500	787,200	1,063,500
Political	1,060,033	934,600	814,900	885,600
Scientific and Minor Departments.	604,517	707,000	681,600	740,400
Total	11,545,529	11,955,900	11,941,800	12,896,700

In April, 1905, the Government of India made permanent annual grants to the Provincial Governments of £333,000 a year for Police Reform, £233,000 for Education, and £133,000 for the development of agricultural research and

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instruction, and in 1906-7 these grants were increased to £500,000, £266,700, and £160,000 a year, respectively. The grant for Police reform was still further raised to £703,000 in the Budget for 1907-8. A portion of these grants has been devoted to the construction of buildings, of which the cost is entered under "Civil Works," and it has not yet been possible to utilise fully the remaining portion owing to delay in the initiation of some of the measures contemplated.

Of the increase of £311,100 under Police in 1908-9, £80,000 is due to a further grant by the Government of India, and the remainder to the progress made by the various provinces in the development of their schemes for the reorganization of the police force.

Under Medical the Budget Estimate for 1908-9 includes provision for a special grant of £200,000 by the Government of India for expenditure on sanitation (*see* page 5). Provision is also made for plague expenditure in the Punjab and Bombay, for improvements in the lighting and equipment of hospitals, and for grants-in-aid of the expenditure of local bodies which have hitherto been brought to account under the head "Provincial Adjustments" as contributions from Provincial to Local Expenditure. Owing to the exclusion of the "Local" figures from the accounts of the Government of India (*see* page 3), such grants-in-aid will henceforth be entered as Provincial expenditure under the appropriate heads.

The additional expenditure on Education in 1908-9 occurs chiefly in the United Provinces, where it is proposed to take over all English schools from District Boards and simultaneously to give large grants to these bodies for primary education ; but in other provinces also the similar grants which formerly appeared as "contributions from Provincial to Local revenues" have now been brought to account under this head.

As mentioned on page 3, the Marine charges connected with the military and naval defence of India have been transferred to the head "Military Services" (*see* page 22), the remaining Marine charges being shown as hitherto under "Civil Departments," but under the new sub-head "Ports and Pilotage."

Miscellaneous Civil Charges.

	£
Accounts, 1906-7	3,756,653
Budget, 1907-8	4,089,000
Revised Estimate, 1907-8	4,233,800
Budget, 1908-9	4,095,700

The expenditure under this head includes Territorial and Political Pensions, Civil Furlough and Absentee Allowances, Civil Superannuation Allowances and Pensions, Stationery and Printing, and other miscellaneous charges. The most important figures are those relating to Superannuation Allowances and Pensions, the net charge for which is as follows:—

	India.	England.	Total.
	£	£	£
1906-7	817,337	1,938,535	2,755,872
1907-8 (Revised Estimate)	832,300	1,954,800	2,787,100
1908-9 (Budget)	888,900	1,974,900	2,863,800

Famine Relief and Insurance.

	Accounts, 1906-7.	Budget, 1907-8.	Revised Estimate, 1907-8.	Budget, 1908-9.
	£	£	£	£
Direct Famine Relief	317,458	60,100	516,000	880,500
Protective Railways...	3,442	2,300	8,500	700
Protective Irrigation Works	356,460	466,700	407,500	400,000
Reduction or avoidance of Debt	332,383	470,700	250,000	250,000
Total	1,009,743	999,800	1,182,000	1,531,200

A sum of not less than £1,000,000 is annually appropriated for the purposes of Famine Relief and Insurance. When the outlay on direct famine relief is less than the sum appropriated, the balance is used (1) for the construction or maintenance of protective railways and irrigation works, and (2) for the construction of ordinary public works, which would otherwise require additional borrowing. The amount used for the last mentioned purpose is shown under the head of "Reduction or Avoidance of Debt."

Up to the 1st April, 1907, the expenditure on direct Famine Relief was borne by the province or provinces visited by famine. A new system was introduced from that date, under which such expenditure is now borne partly, if not entirely, by Imperial Revenues. The scheme enables each Local Government whose Province is liable to famine to build up gradually a fund, to be held to its credit by the Imperial Government, on which it is at liberty to draw when expenditure on famine relief becomes necessary. For this purpose the Local Governments in question are now annually credited with a fixed sum, determined with reference to, but not in exact proportion to, the average expenditure incurred by them on famine relief during the past 25 years. The amounts annually credited are as follows:—Madras, £16,700; Bombay, £91,300; Bengal, £17,300; United Provinces, £30,000; Punjab, £9,300; Central Provinces, £85,300. When famine occurs, the Local Government is entitled to draw upon the amount standing to its credit to meet its famine expenditure, and charges thus incurred are shewn in the accounts of the Government of India as Imperial expenditure. In the event of the amount at credit being exhausted owing to widespread or severe famine, any further expenditure on famine relief is shared between the Government of India and the Local Government, either equally or in such proportions as may be determined when the circumstances arise. In addition to making these arrangements for the future the Government of India allotted special grants to the United Provinces and Bombay of £189,000 and £82,100 respectively to cover the expenditure on famine which the Governments of these Provinces incurred in 1905-6 and 1906-7.

In accordance with the arrangements just described, the expenditure on direct Famine Relief in 1907-8 and 1908-9 has been shared as follows:—

	1907-8 (Revised Estimate).		1908-9 (Budget).	
	Government of India.	Local Government.	Government of India.	Local Government.
	£	£	£	£
United Provinces ...	300,000	150,000	333,300	333,300
Bengal ...	40,800	—	56,300	10,400
Central Provinces ...	16,700	—	66,700	—
Other Provinces ...	8,400	100	80,500	—
Total ...	365,900	150,100	536,800	343,700

In addition to the expenditure on direct relief which is brought to account under the head "Famine Relief and Insurance," heavy loss or expenditure is usually sustained in affording indirect relief, chiefly, though not exclusively, in the form of suspensions or remissions of land revenue. Nearly £1,480,000 of land revenue was suspended in 1907-8, and about £900,000 will, it is estimated, be suspended in 1908-9. Of this sum a large proportion will necessarily be remitted, but it is too early to frame any definite estimate of the amount.

The total loss of revenue and increase of expenditure under all heads attributable to the famine in 1907-8 and 1908-9 has been roughly estimated at about £3,000,000 and £3,500,000 respectively.

Of the total outlay on Protective Irrigation Works in 1908-9 £153,900 is expected to occur in the United Provinces, £93,700 in Bombay, and £93,300 in the Central Provinces.

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Appendix
I.*Civil Works.*

					£
Notes on	Accounts, 1906-7	...	...	...	4,071,689
the	Budget, 1907-8	...	...	...	4,319,800
main heads	Revised Estimate, 1907-8	...	...	...	4,425,000
of Net	Budget, 1908-9	...	...	...	4,209,300
Revenue					
and Ex-					
penditure.					

A portion of the permanent grants made to the Provincial Governments for expenditure on Police Reform, Education, and Agricultural development and research (*see above under "Civil Departments,"* pages 23 and 24) has been devoted to the construction of buildings, and the money so spent goes to increase the charges under this head.

The reduction of expenditure in 1908-9 is due to the restriction of public works expenditure in Burma and Bengal in view of the comparatively low Provincial balance, to the adoption of a smaller programme in the Punjab, where Provincial revenues have suffered by reason of the prevailing distress, and to the absence of special expenditure which was undertaken in 1907-8 in Bombay.

The exclusion of "Local" figures from the accounts of the Government of India (*see page 3*) has caused a reduction of about £1,000,000 a year in the net expenditure shown under this head.

Provincial Adjustments.

	Provincial Surpluses (which are added to the Provincial Balances and charged against the Revenue of the Year).	Provincial Deficits (i.e., Contributions from Provincial Balances in reduction of the amount to be charged against the Revenue of the Year).
	£	£
Accounts, 1906-7	312,242	—
Budget, 1907-8	—	517,900
Revised Estimate, 1907-8	—	1,027,000
Budget, 1908-9	—	525,100

In the Budget for 1907-8 it was anticipated that the share of the revenue of the year to be credited to the Provincial Governments in accordance with the system of financial decentralisation in force in India, would amount (including certain special grants made by the Government of India at the beginning of the year) to £21,962,300, and that the share of the expenditure of the year chargeable to the Provincial Governments would be £22,480,200, of which £517,900, being the excess of Provincial expenditure over Provincial revenue, would be met from the balances of the Provincial Governments, instead of being charged against the revenue of the year.

The revenue actually credited to the Provincial Governments during the year amounted to £21,721,800, the decrease being chiefly due to the falling off in the receipts from Land Revenue, while the Provincial share of expenditure rose to £22,748,800, mainly in consequence of increased expenditure on Famine Relief and Civil Works. Thus the contribution from Provincial Balances towards the expenditure of the year was £1,027,000 instead of £517,900 as estimated in the Budget.

In 1908-9 it is assumed that the Provincial Balances will make a net contribution of £525,100 towards the expenditure of the year. In the calculations on which this assumption is based, account is taken of the special grants to Provincial revenues of £200,000 and £80,000 for sanitation and police reform mentioned on page 5, and of certain modifications in the settlements with the United Provinces and Madras.

APPENDIX II.

HOME CHARGES.

Appendix
II.
Home
Charges.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1906-7.	Revised Estimate, 1907-8.	Budget, 1908-9.
Interest and Management of Debt (excluding Interest charged in Railway Revenue and Irrigation Accounts)	£ 1,539,378	£ 1,634,900	£ 1,701,400
Railway Revenue Account	7,989,535	8,074,500	8,289,700
Irrigation : Interest on Debt	106,798	109,600	111,400
Civil Administration :			
Payments on account of Departments in India, passage, outfit, &c. ..	43,377	63,100	54,770
Postal Subsidy	61,226	60,100	54,600
Telegraph : Red Sea Company's Annuity	18,027	18,000	9,000
" Indo-European	38,570	18,100	23,700
" Joint Purse Guarantee	4,339	3,500	2,000
Public Works : Civil Engineering College	- 9,753	200	—
" Other Charges	2,783	2,700	4,100
Indian Civil Service : Allowances to Candidates, Examinations, &c. ..	9,593	16,300	14,130
Lunatics : Maintenance	1,652	1,600	1,600
Political Charges : Persian Mission and Minor Consulates	- 6,272	- 8,200	- 10,125
" Pensions : Territorial and Political	10,460	23,000	10,500
" Other Charges	2,727	2,500	3,500
India Office : Salaries of Establishment	136,229	138,700	141,900
" Auditor's Department	6,734	6,600	6,900
" Store Department	25,204	23,800	23,800
" India Store Depot—additions to building	—	12,000	12,000
" Stationery, Postage, Telegrams, and other Charges	21,145	27,000	25,125
Army, and Marine, Effective : Home Charges of British Forces serving in India (including receipt on account of Aden)	570,129	540,300	536,000
" " Troop Service and Transport (including receipt from War Office)	151,532	200,400	199,600
" " Receipt on account of Indian Native Regiments lent for service in the Colonies	- 95,000	- 82,000	- 86,600
" " His Majesty's ships in Indian Seas	100,066	100,100	100,100
" " Other Charges	42,422	111,800	48,200
Stores : Civil and Public Works	347,677	414,500	436,300
" Telegraph	241,470	180,000	150,000
" Marine	254,047	134,100	94,200
" Army	1,542,466	635,500	589,600
" Military Works	58,922	67,500	36,100
" Special Defences (1902)	44,271	22,500	79,100
" Miscellaneous Charges	- 4,830	14,400	5,000
Furlough : Civil	243,015	339,000	337,500
" Army and Marine	452,014	482,600	454,000
" Telegraph and Public Works	48,985	61,200	50,500
Non-Effective Charges (including India Office pensions) :			
Civil	1,404,847	1,372,100	1,393,800
Army and Marine	2,949,498	3,027,400	3,044,100
Total	18,333,943	17,849,400	17,988,500

The Expenditure in England not charged on the Revenues of the year is as follows :—

Expenditure.	Accounts, 1906-7.	Revised Estimate, 1907-8.	Budget 1908-9.
Capital outlay on construction of State Railways	£ 2,551,691	£ 2,264,800	£ 3,065,000
" " on Irrigation Works	79,368	85,000	28,100
Total	2,631,059	2,349,800	3,093,100

Appendix
III.
Railways.

APPENDIX III.

RAILWAYS : MILEAGE AND TRAFFIC.

Length of railways open in India on 31st March, 1906	28,619·48 miles.
Length of railways open in India on 31st March, 1907	29,303·37 „
Additional mileage opened in 1907-1908:—	
Nagda-Muttra	140·54 miles
Burma Extensions	134·77 „
Tirhoot	118·30 „
Shahdara-Saharanpur	93·02 „
Rohilkhand-Kumaon	84·12 „
Purulia-Ranchi	72·28 „
North-Western	59·24 „
East Indian	58·64 „
Bezwada-Masulipatam	49·38 „
Jaipur	40·66 „
Great Indian Peninsula... ..	37·50 „
Bengal and North-Western	21·72 „
Azikhal-Mangalore	20·91 „
Dholpur-Bari	19·25 „
Bengal-Nagpur	14·24 „
Jubbulpore-Gondia	8·43 „
Eastern Bengal	7·26 „
Sangli	4·90 „
Total	985·16 „
Length of railways open in India on 31st March, 1908	30,288·53 miles.

—	1905.	1906.	1907.
Number of passengers carried	248,157,000	271,063,000	307,585,000
Tons of goods carried	54,936,000	58,869,000	69,593,000

RAILWAYS : CAPITAL OUTLAY AND NET TRAFFIC RECEIPTS.

(The Capital at charge for each line on 31st March, 1907, is calculated by deducting from the total capital outlay up to 31st March, 1907, half the outlay in 1906-7.)

Appendix
III.
Railways.

		Capital at Charge, March 31st, 1907.	Net Receipts, 1906-1907.	Percentage of Net Receipts on Capital Outlay.
Guaranteed State	Madras	£ 12,613,291	£ 384,993	3·05
	Azikhah-Mangalore	776,094	2,053	·27
	East Indian	44,722,038	3,235,414	7·23
	Bellary-Rayadrug	51,789	376	·73
	Rajputana-Malwa	10,703,222	968,593	9·05
	Bhopal	217,907	11,917	5·47
	Palanpur-Deesa	15,907	1,233	7·75
	Bengal-Nagpur	19,805,071	959,919	4·85
	Warora Colliery	85,967	— 4,275	—
	Burma	8,986,795	389,514	4·33
	Assam-Bengal	8,620,681	39,455	·46
	Jorhat	61,019	— 194	—
	Eastern Bengal	12,981,366	732,290	5·64
	Hospet-Kottur	94,034	— 24	—
	Kalka-Simla	930,544	18,896	2·03
	Bombay, Baroda and Central India ...	10,992,479	717,324	6·53
	Morappur-Dharmapuri	55,323	— 30	—
	Tirhoot	4,413,098	267,720	6·07
	Oudh and Rohilkhand	13,426,281	459,575	3·42
	Agra Delhi Chord	842,524	54,358	6·45
	Indian Midland	8,781,386	367,691	4·19
	Tirrupattur-Krishnagiri	71,970	1	—
	Lucknow-Bareilly Section	827,711	55,258	6·68
	Hardwar-Dehra	180,416	11,519	6·38
	North Western	41,697,236	2,007,916	4·81
	South Indian	7,194,159	432,411	6·01
	North East Line, Madras Railway ...	4,373,093	148,108	3·39
	Nilgiri	248,174	2,407	·97
	Bezawada Extension	78,750	12,783	16·23
	Guntakal-Mysore Frontier	394,967	25,150	6·36
	Mysore	1,213,483	49,200	4·05
	Mayavaram-Mutupet	318,759	17,404	5·46
	Tinnevelly-Quilon (British Section)...	291,223	16,190	5·55
	Great Indian Peninsula	29,245,224	1,696,446	5·80
	Southern Mahratta	8,129,571	226,457	2·78
	Jodhpur - Hyderabad (British Section).	266,617	33,292	12·48
		253,708,169	13,341,338	5·26
Unopened lines, stores, &c.		6,595,346		
Private Com- panies :— Government pay- ments.		260,303,514	13,341,338	5·13
		1,391,694		
		261,695,209		



Appendix
IV.Irrigation
Works.

APPENDIX IV.

MAJOR IRRIGATION WORKS : CAPITAL OUTLAY AND NET EARNINGS.

	Capital Outlay to end of 1906-1907.	Net Earnings (being gross receipts less working expenses).	Percentage of net Earnings on Capital Outlay.
Bengal :—	£	£	
Orissa Project	1,735,793	6,842	·39
Midnapore	553,685	— 307	—·06
Sone	1,720,959	66,062	3·45
United Provinces :—			
Ganges	2,051,890	276,228	13·46
Lower Ganges	2,309,958	148,946	6·45
Agra	684,276	52,497	7·67
Eastern Jumna	306,373	94,826	30·95
Betwa	388,062	10,371	2·67
Punjab and N.W. Frontier Province :—			
Western Jumna	1,102,326	138,265	12·54
Upper Bari-Doab	1,289,970	178,801	13·86
Sirhind	1,581,436	145,711	9·21
Lower Chenab	1,836,058	462,115	25·17
Lower Jhelam	1,007,043	58,755	5·83
Lower Swat River	270,846	29,927	11·05
Upper Chenab	379,453	—	—
Madras :—			
Godavari Delta	808,529	185,355	22·92
Kistna Delta	962,958	164,610	17·09
Pennér Anicut	367,150	28,623	7·79
Kurnool-Kuddapah	1,461,818	9,146	·63
Periyar Project	642,023	28,380	4·42
Rushikulya Project	309,903	2,157	·69
Bombay :—			
E. Nara Works	429,568	40,423	9·41
Mutha	462,050	15,157	3·28
Jamrao	526,802	26,797	5·09
Nira	358,800	9,706	2·74
Burma :—			
Mandalay	334,179	13,603	4·07
Shwebo	301,359	4,455	1·48
Other Works	3,581,594	207,129	5·78
Total	27,764,861	2,404,580	8·66

APPENDIX V.

TRADE TABLES.

SEA-BORNE TRADE :—

I.—General Summary.

II.—Imports and Exports of Merchandise : Summary distinguishing Government transactions from transactions on Private Account.

III.—Movements of Treasure.

IV.—Analysis of Imports of Merchandise, shewing the principal articles separately.

V.—Analysis of Exports of Merchandise, shewing the principal articles separately.

I.—Summary of Sea-borne Trade (Private and Government transactions combined).

	1905-6.	1906-7.	1907-8.
	£	£	£
Imports :—			
Merchandise	74,742,500	78,161,500	90,994,000
Treasure	21,100,700	29,719,900	28,181,700
Total	95,843,200	107,881,400	119,175,700
Exports :—			
Merchandise :—			
Indian Produce	105,513,000	115,439,700	115,634,500
Re-exports	2,377,400	2,343,000	2,552,700
Total	107,890,400	117,782,700	118,187,200
Treasure	10,313,300	3,812,200	3,632,300
Total	118,203,700	121,594,900	121,819,500
Total Imports and Exports	214,046,900	229,476,300	240,995,200
Net Exports... ..	22,360,500	13,713,500	2,643,800

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II.—*Sea-borne Trade—Imports and Exports of Merchandise : Summary distinguishing Government Transactions from Transactions on Private Account.*

								1905-6.	1906-7.	1907-8.
								£	£	£
Imports of Merchandise :—										
Private	...	...	...	...	...	...	...	68,722,700	72,205,100	86,565,900
Government	...	...	...	...	...	...	...	6,019,800	5,956,400	4,428,100
Total Imports								74,742,500	78,161,500	90,994,000
Exports of Merchandise :—										
Private	...	...	...	...	...	...	...	107,812,000	117,710,700	118,102,300
Government	...	...	...	...	...	...	...	78,400	72,000	84,900
Total Exports								107,890,400	117,782,700	118,187,200
Net Exports, Private								39,089,300	45,505,600	31,536,400
Net Imports, Government								5,941,400	5,884,400	4,343,200

III.—*Sea-borne Trade—Movements of Treasure.*

								1905-6.	1906-7.	1907-8.
Gold :—								£	£	£
Net Imports on Private Account								6,301,300	9,862,300	11,566,500
Net Imports on Government Account								—5,996,000	41,700	12,000
Total Net Imports								305,300	9,904,000	11,578,500
Silver :—										
Net Imports on Private Account								3,346,400	4,463,000	6,675,100
Net Imports on Government Account								7,135,700	11,540,700	6,295,800
Total Net Imports								10,482,100	16,003,700	12,970,900
Total Net Imports of Treasure								10,787,400	25,907,700	24,549,400

IV.—Sea-borne Trade—Analysis of Imports of Merchandise, shewing the principal articles separately.

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	1905-6.	1906-7.	1907-8.
A. On Private Account—	£	£	£
1. Live Animals	329,400	310,400	294,000
2. Articles of Food and Drink :—			
Liquors	1,345,200	1,237,800	1,336,600
Provisions :—			
From United Kingdom... ..	609,600	651,500	709,700
From elsewhere	980,800	964,100	1,117,000
Total	1,590,400	1,615,600	1,826,700
Salt	438,100	445,200	535,100
Spices	733,700	959,500	1,041,100
Sugar (Refined) :—			
From United Kingdom... ..	189,700	107,600	19,300
From Mauritius	1,302,400	1,318,400	1,549,500
From Austria-Hungary and Germany ...	1,914,300	2,108,600	485,600
From Java	953,700	1,491,300	3,419,300
From elsewhere	455,000	186,400	92,400
Unrefined Sugar, Molasses, and Confectionery	367,900	613,100	585,300
Total	5,183,000	5,825,400	6,151,400
Other articles	433,600	393,300	532,200
Total value of articles of Food and Drink ...	9,724,000	10,476,800	11,423,100
3. Metals and Manufactures of Metals :—			
Hardware and Cutlery :—			
From United Kingdom	1,038,700	1,164,800	1,324,600
From Germany	208,500	282,700	388,300
From elsewhere	263,300	321,500	397,400
Total... ..	1,510,500	1,769,000	2,110,300

IV.—*Sea-borne Trade—Analysis of Imports of Merchandise, shewing the principal articles separately—cont.*

						1905-6.	1906-7.	1907-8.
A. <i>On Private Account—cont.</i>								
3. Metals and Manufactures of Metals— <i>cont.</i>						£	£	£
Machinery and Millwork :—								
From United Kingdom	...	...	...	...	...	3,141,600	3,692,500	4,122,900
From elsewhere	...	...	...	...	...	142,200	167,500	267,500
Total ...	...	...	...	...	...	3,283,800	3,860,000	4,390,400
Iron and Steel	...	...	...	...	...	4,429,300	5,045,500	6,499,300
Copper	...	...	...	...	...	956,500	928,800	1,375,600
Other Metals	...	...	...	...	...	642,700	719,100	917,600
Railway Plant (other than Government Stores)						1,081,700	2,772,200	4,803,500
Total value of Metals and Manufactures of Metals.						11,904,500	15,094,600	20,096,700
4. Chemicals, Drugs, Medicines, Narcotics, Dyeing and Tanning Materials.						1,981,800	2,072,400	2,392,400
5. Oils						1,629,700	1,845,300	2,437,400
6. Raw materials and unmanufactured articles :—								
Jewellery	...	...	...	...	...	894,100	622,500	463,800
Wood	...	...	...	...	...	556,200	539,500	546,700
Silk	...	...	...	...	...	474,600	378,700	654,300
Other articles	...	...	...	...	...	1,316,000	1,391,400	1,671,200
Total	...	...	...	...	...	3,240,900	2,932,100	3,336,000
7. Articles manufactured and partly manufactured :—								
Cotton—Twist and Yarn, Piece Goods, and Thread :—								
From United Kingdom	...	...	...	...	...	25,992,800	25,099,300	29,504,800
From elsewhere	...	...	...	...	...	1,097,200	988,500	1,176,300
Other sorts of Cotton	...	...	...	...	...	1,205,400	1,190,500	1,347,300
Total	...	...	...	...	...	28,295,400	27,278,300	32,028,400
Silk	...	...	...	...	...	1,267,700	1,216,700	1,423,200
Wool	...	...	...	...	...	1,616,800	1,368,100	1,845,100
Apparel (excluding hosiery and boots) :—								
From the United Kingdom	...	...	...	...	...	646,300	591,400	633,300
From elsewhere	...	...	...	...	...	602,900	623,000	835,000
Total ...	...	...	...	...	...	1,249,200	1,214,400	1,468,300

IV.—*Sea-borne Trade—Analysis of Imports of Merchandise, shewing the principal articles separately—cont.* Appendix V.

	1905-6.	1906-7.	1907-8.
<i>A. On Private Account—cont.</i>	£	£	£
7. Articles manufactured and partly manufactured— <i>cont.</i> :			
Glass and Glassware	749,800	807,600	963,400
Instruments, apparatus, and appliances ...	608,600	799,100	908,800
Other articles	6,124,800	6,789,300	7,949,100
Total value of articles manufactured and partly manufactured.	39,912,300	39,473,500	46,586,400
• Total value of Imports of Merchandise on Private Account.	68,722,700	72,205,100	86,565,900
<i>B. Government Stores</i>	6,019,800	5,956,400	4,428,100
Grand Total, Imports of Merchandise ...	74,742,500	78,161,500	90,994,000

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V.—*Sea-borne Trade—Analysis of Exports of Merchandise, shewing the principal articles separately.*

	1905-6.	1906-7.	1907-8.
<i>A. Indian Merchandise exported on Private Account.</i>	£	£	£
1. Animals, living	128,900	150,900	143,900
2. Articles of Food and Drink :—			
Coffee	1,171,100	664,300	743,000
Rice	12,426,600	12,353,000	13,559,000
Wheat and Wheat-flour	6,115,100	5,226,800	6,097,000
Other grains and Pulse	1,141,700	857,100	1,349,400
Provisions	473,800	434,100	503,000
Spices	605,200	401,400	351,300
Tea	5,898,400	6,571,800	6,829,200
Other articles	384,900	315,800	351,200
Total, Articles of Food and Drink	28,216,800	26,824,300	29,783,100
3. Metals and Manufactures of Metals	388,400	650,300	737,700

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V.—Sea-borne Trade—Analysis of Exports of Merchandise, shewing the principal
articles separately—cont.

						1905-6.	1906-7.	1907-8.
A. Indian Merchandise exported on Private Account—cont.						£	£	£
4. Chemicals, Drugs, Dyeing Materials, &c.:								
Opium :—								
	To China	...	...	...	...	4,906,200	4,802,500	4,362,700
	To other countries	...	...	...	...	1,408,300	1,402,800	1,418,900
	Total	...	...	...	...	6,314,500	6,205,300	5,781,600
Indigo :—								
	To the United Kingdom	...	...	...	...	100,200	110,700	126,900
	To other countries	...	...	...	...	290,700	356,300	297,900
	Total	...	...	...	...	390,900	467,000	424,800
	Other articles	...	...	...	...	926,900	1,032,600	1,152,200
	Total, Chemicals, Drugs, &c.	...	...	...	...	7,632,300	7,704,900	7,358,600
5. Oils						544,500	465,700	572,100
6. Raw Materials and Unmanufactured Articles :—								
Cotton :—								
	To Japan	...	...	...	...	4,577,700	3,704,900	4,808,600
	To Germany	...	...	...	...	2,462,600	3,147,600	3,639,600
	To other countries	...	...	...	...	7,187,400	7,799,800	8,664,600
	Total	...	...	...	...	14,227,700	14,652,300	17,112,800
Hides and Skins (Unprepared) :—								
	To the United States	..	...	...	...	2,883,100	2,602,500	1,530,900
	To Germany	...	...	...	...	1,443,200	1,722,900	1,292,900
	To other countries	...	...	...	...	2,406,100	2,937,200	1,877,400
	Total...	...	...	...	...	6,732,400	7,262,600	4,701,200
Jute :—								
	To the United Kingdom	...	...	...	...	4,876,800	7,707,900	4,678,900
	To Germany	...	...	...	...	2,153,100	3,937,900	2,558,100
	To other countries	...	...	...	...	4,387,200	6,246,700	6,744,900
	Total	...	...	...	...	11,417,100	17,892,500	11,981,900
Linseed :—								
	To United Kingdom	...	...	...	...	818,600	774,600	1,115,800
	To other countries	...	...	...	...	1,925,100	1,398,600	2,075,300
	Total	...	...	...	...	2,743,700	2,173,200	3,191,100

V.—Sea-borne Trade—Analysis of Exports of Merchandise, shewing the principal articles separately—cont.

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	1905-6.	1906-7.	1907-8.
	£	£	£
A. Indian Merchandise exported on Private Account—cont.			
6. Raw Materials and Unmanufactured Articles—cont.			
Other seeds	4,329,100	6,507,900	8,020,100
Fodder, Bran, and Cattle-food	787,700	626,600	984,800
Wool, raw	1,409,800	1,617,700	1,402,300
Other articles	3,116,100	3,622,100	3,403,200
Total, Raw Materials and Unmanufactured Articles.	44,763,600	54,354,900	50,797,400
7. Manufactured and partly manufactured articles :—			
Cotton twist and yarn :— ^o			
To China	7,784,900	6,332,300	4,443,700
To other countries	473,600	598,700	1,538,300
Total	8,258,500	6,931,000	5,982,000
Other cotton	1,358,500	1,181,200	1,195,700
Total cotton	9,617,000	8,112,200	7,177,700
Jute :—			
Gunny bags and cloth :—			
To the United Kingdom	706,900	1,175,500	1,068,000
To the United States	2,627,400	3,918,300	4,430,900
To other countries	4,921,300	5,310,200	6,613,100
Other Jute manufactures	43,100	73,500	86,400
Total	8,298,700	10,477,500	12,198,400
Hides and Skins, dressed or tanned :—			
To the United Kingdom	2,104,500	2,539,500	2,223,100
To other countries	334,500	428,000	376,700
Total	2,439,000	2,967,500	2,599,800
Lac	2,068,100	2,247,400	2,584,700
Other articles	1,362,200	1,432,400	1,638,100
Total, manufactured and partly manufactured articles.	23,785,000	25,237,000	26,198,700
Total exports of Indian merchandise on Private Account.	105,459,500	115,388,000	115,591,500
B. Government Stores, exports			
	53,500	51,700	43,000
Total exports, Indian merchandise	105,513,000	115,439,700	115,634,500

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V.—*Sea-borne Trade—Analysis of Exports of Merchandise, shewing the principal articles separately—cont.*

	1905-6.	1906-7.	1907-8.
	£	£	£
C. <i>Re-exports—On Private Account :—</i>			
Cotton, wool and apparel	1,209,700	1,186,400	1,334,600
Other articles	1,142,900	1,136,300	1,176,300
D. <i>Re-exports—Government Stores</i>	24,800	20,300	41,800
Total	2,377,400	2,343,000	2,552,700
Grand Total, Exports of Merchandise	107,890,400	117,782,700	118,187,200

VI.—*Sea-borne Trade—Analysis of Imports of Merchandise on Private Account, shewing separately the countries of origin.*

Countries.	1905-6.	1906-7.	1907-8.
	£	£	£
Europe :—			
United Kingdom	45,825,900	48,198,600	57,760,300
Belgium	2,984,000	2,903,600	3,537,700
Germany	2,915,000	3,860,600	3,445,600
Austria-Hungary	2,738,300	2,045,600	1,769,300
France	1,152,500	975,200	1,354,700
Italy	802,300	720,700	795,300
Other countries	855,700	879,800	1,464,400
Total	57,273,700	59,584,100	70,127,300
Africa and adjacent Islands :—			
Mauritius and dependencies including Seychelles ...	1,385,800	1,445,100	1,642,200
Egypt	229,000	104,800	201,400
British East Africa	179,500	141,000	209,700
Other countries	55,300	79,800	73,000
Total	1,849,600	1,770,700	2,127,200
America :—			
United States	1,495,000	1,698,000	2,158,200
Other countries	12,400	2,300	1,500
Total	1,507,400	1,700,300	2,159,700

VI.—*Sea-borne Trade—Analysis of Imports of Merchandise on Private Account, shewing separately the countries of origin—cont.* Appendix V.

Countries.					1905-6.	1906-7.	1907-8.	Trade Tables.
					£	£	£	
Asia :—								
Borneo, Java, and Sumatra	...	...	...	...	1,415,800	2,214,600	4,101,800	
Straits Settlements	...	...	...	...	1,701,200	1,845,700	2,089,600	
China : Hong Kong	...	...	...	...	679,400	551,800	747,200	
„ other ports (excluding Macao)	...	...	...	...	503,600	433,900	718,700	
Japan	...	...	...	...	856,200	1,073,400	1,445,000	
Ceylon	...	...	...	...	447,300	566,300	629,200	
Arabia	...	...	...	...	630,100	380,900	370,400	
Other countries	...	...	...	...	1,243,100	1,600,200	1,562,200	
Total	...	...	...	...	7,476,700	8,676,800	11,664,100	
Australasia	...	...	...	...	615,300	473,200	487,600	
Grand Total	...	...	...	...	68,722,700	72,205,100	86,565,900	

VII.—*Sea-borne Trade—Analysis of Exports of Indian Merchandise on Private Account, shewing separately the countries of origin.*

Countries.					1905-6.	1906-7.	1907-8.
					£	£	£
Europe :—							
United Kingdom	...	...	...	...	26,665,100	31,289,500	29,842,500
Germany	...	...	...	...	9,798,600	13,149,700	12,794,400
France	...	...	...	...	6,359,900	7,470,000	7,609,500
Belgium	...	...	...	...	4,333,600	4,798,500	5,967,100
Austria Hungary	...	...	...	...	3,194,200	4,012,300	3,867,900
Italy ...	...	...	...	...	3,126,400	3,803,600	3,691,300
Holland	...	...	...	...	1,186,600	1,201,800	1,060,700
Other Countries	...	...	...	...	1,746,500	1,956,200	1,995,600
Total	...	...	...	...	56,410,900	67,681,600	66,829,000
Africa and adjacent Islands :—							
*Egypt	...	...	...	...	1,061,300	1,316,800	3,217,400
Mauritius and dependencies including Seychelles...	...	...	...	...	753,000	832,700	735,000
Natal	...	...	...	...	361,600	358,400	446,600
British East Africa	...	...	...	...	327,700	368,900	411,500
Other Countries	...	...	...	...	809,100	726,500	756,000
Total	...	...	...	...	3,312,700	3,603,300	5,566,500

* The figures for exports to Egypt in 1907-8 include goods shipped to Egyptian ports "for orders" which, on later adjustment, will be shown as exports to the countries of their final destination.

Appendix V. VII.—*Sea-borne Trade—Analysis of Exports of Indian Merchandise on Private Account, shewing the countries of origin—cont.*

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Countries.						1905-6.	1906-7.	1907-8.
America :—						£	£	£
United States	...	...	...	...	...	8,672,100	10,415,700	9,012,100
South America	...	...	...	...	...	1,806,100	1,575,400	2,424,100
Canada	...	...	...	...	...	506,500	517,900	324,900
West Indies	...	...	...	...	...	411,500	341,200	325,700
Other Countries	...	...	...	...	...	12,900	11,400	17,200
Total	...	...	...	...	...	11,409,100	12,861,600	12,104,000
Asia :—								
Hong Kong	...	...	...	...	...	8,836,300	7,249,600	5,658,700
China (exclusive of Hong Kong and Macao)	...	...	...	...	...	5,374,100	5,318,500	4,330,000
Japan	...	...	...	...	...	6,618,000	4,730,000	5,892,600
Straits Settlement	...	...	...	...	...	4,199,800	4,352,700	4,550,000
Ceylon	...	...	...	...	...	3,690,100	4,254,400	4,165,000
Aden and Dependencies	...	...	...	...	...	838,600	746,400	651,500
Arabia	...	...	...	...	...	920,300	644,800	339,500
Borneo, Java and Sumatra	...	...	...	...	...	737,200	446,700	887,000
Other Countries	...	...	...	...	...	1,476,800	1,553,800	2,430,600
Total	...	...	...	...	...	32,691,200	29,306,900	28,904,900
Australasia	...	...	...	...	...	1,635,600	1,934,600	2,187,100
Grand Total	...	...	...	...	...	105,459,500	115,388,000	115,591,500



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